



Let's Be Clear

Intel Corporate Responsibility Report 2005

www.intel.com/go/responsibility

Overview

At Intel, we challenge the status quo in everything we do. Over the past year, we have worked to be more clear about what corporate responsibility means to us—by being clear about our priorities and the way we communicate them. This year, you will see a new focus in our reporting, a better forum for presenting our efforts, and hopefully a new level of clarity. [Read Executive Perspective, page 3.](#)



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The content in this printable version of Intel's 2005 Corporate Responsibility Report is as of May 10, 2006. Changes made to the web site after that date are not reflected here.

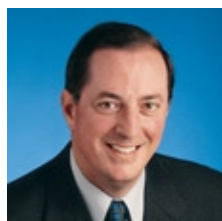
The Case for Clarity

A new approach to corporate responsibility at Intel.

Executive Perspective

2005 was a year of significant change for Intel. In addition to evolving our business strategy and reinvigorating our brand, we have taken a more focused approach to corporate responsibility. We have worked to more clearly define what corporate responsibility means to Intel, and we met with stakeholders in formal and informal feedback sessions to clarify the key corporate responsibility issues for the company.

Defining Corporate Responsibility



Paul S. Otellini
President and CEO

After taking a hard look at what we believe in, we confirmed that at Intel, corporate responsibility means achieving business success in ways that honor our ethical values and demonstrate respect for people and the planet. Our actions follow certain guiding principles:

- Operate with integrity and transparency
- Strengthen our communities
- Improve people's lives through technology



Craig R. Barrett
Chairman of the Board

We also clarified the way we communicate both our commitment and our performance. In transitioning from the previous title of Global Citizenship Report to Corporate Responsibility Report, we better reflect both our approach to business and the way we interact with our many stakeholders around the world.

Our dialogues with stakeholders also offered important feedback on the way we approach the report's format. As a result of their input, we dove deeper in many content areas by expanding our report information online. This year, our report focuses on three areas most material to Intel's corporate responsibility efforts: the environment, education and community.

Environment. Environmental excellence has long been a hallmark in Intel's leading-edge manufacturing and assembly facilities worldwide. We have made progress in reducing our environmental footprint in both our operations and our products. In our operations, we reduced our emissions of perfluorocompounds (climate change gases) by 13% in 2005 and reduced our energy consumption per production unit by 15%. We design products with the environment in mind throughout the product life cycle.



A New Focus

For us, corporate responsibility means a further opportunity to challenge, inspire, enrich and enable. We are driven to make a difference in the areas of environment, education and community. We look for concrete ways to lead others to new and better ways to live and work.

We are bringing new energy-efficient technologies to market and are helping drive environmentally responsible end-of-life solutions for electronics.

Education. Education has been the cornerstone of our strategic global philanthropic efforts since Intel was founded. Since that time, we have invested more than \$1 billion worldwide. We believe that education is critical to inspire creativity and innovation. Working with educators, governments and industry, we design and deliver innovative and unique programs in more than 50 countries on six continents. Our efforts in education grow stronger each year. In 2005, we again contributed more than \$100 million to improve education and provide technology access worldwide.

Community. Intel employees worldwide demonstrate a passion for community involvement. We view community leadership as our responsibility, and as a critical component of our global business success. From giving back through local volunteer efforts to our relief work following the tsunami in Southeast Asia, Hurricane Katrina in the U.S., the earthquake in Pakistan, and Hurricane Stan in Mexico and Central America, we reinforce our community commitment every day. In 2005, more than 30,000 Intel employees from around the world committed their time to make their communities better places to live and work.

In addition to these focus areas, this report details the full scope of our corporate responsibility efforts, from employee development and diversity to governance, ethics and supply-chain responsibility. We attempt to offer a balanced presentation of our organization's economic, environmental and social performance in 2005, and outline our priorities for the future. We continue to publish the report in accordance with the Global Reporting Initiative* (GRI) 2002 Sustainability Reporting Guidelines.

Corporate responsibility is about good management and a commitment to doing things right. We trust that you will see ongoing progress in our performance and recognize the commitment that all of our employees have to facing future challenges head on.



Paul S. Otellini

President and Chief Executive Officer



Craig R. Barrett

Chairman of the Board



Clear About the Environment

Building environmental performance into every facet of our work.

Environment

At Intel, we want to achieve the highest standards of environmental consciousness, and environmental performance goals are part of every aspect of our work. We consider all facets of conservation – from the platforms we develop to the way we manufacture the ingredients in those platforms, from resource usage to renewable materials and waste recovery.

Environmental Challenges



We encourage every employee to apply the same level of brain power to the environmental challenges in design and production as they do to solving the problems of new technology. We involve environmental engineers in our platform and product development process, as well as in designing and establishing environmental budgets for buildings, technology produc-

tion, tools and processes.

To bolster this effort, in 2005 we took an aggressive position by announcing the [quarterly release](#) of our environmental, health and safety (EHS) performance indicators. By providing our stakeholders with a more relevant and timely gauge of information about air emissions, water usage, employee injuries and waste generation, we have raised the bar in public reporting.

Our efforts to conserve natural resources and reduce the environmental burden of waste generation and emissions to the air, water and land are applied around the world. Over the last decade, we have received more than 50 prestigious awards, including the U.S. National Safety Council's Green Cross for Safety, the U.S. EPA's Clean Air Innovation Award, New Mexico's Green Zia Environmental Award and the number one ranking on the U.S. EPA's annual list of "Best Workplaces for Commuters from the Fortune 500 Companies." As our Chairman, Craig Barrett, has noted, "We pursue EHS performance the same way we pursue performance in the marketplace." That commitment is integrated throughout the company, from our executives to every employee.

Our growth in 2005 brought with it the challenge of extending our culture and record of environmental excellence to new locations and people. As we drive continuous improvement, our engineers apply Design for the Environment principles. We focus on issues at the outset and throughout the process, thereby optimizing results at every stage of development.

2005 Highlights

In 2005, we:

- Began to publish quarterly environmental, health and safety (EHS) performance indicators.
- Announced that energy efficiency will be a key focus in our product development. For example, the Intel® Core™ Duo processor is 35% more energy efficient than the Intel® Pentium® M processor.
- Worked with our industry peers to reduce the energy consumption of notebook LCD screens by approximately 40%.
- Reduced our energy consumption by 15% per production unit from 2004.
- Further reduced hazardous materials such as lead in our products, and recycled 57% of our chemical waste and 75% of our solid waste.

Looking Ahead

Many emerging issues have environmental implications. The rising level of environmental awareness around the globe brings issues such as climate change, persistent chemicals and natural resource scarcity to the forefront. Global citizens increasingly understand the importance of a healthy environment and have called upon leading companies to serve as role models for environmental stewardship. In some cases, this movement has led to the proliferation of new regulations based on uncertainty and precaution. In other cases, forward-minded governments are working with businesses and other stakeholders to develop balanced solutions that will benefit us all. Our sensitivity to addressing existing environmental concerns, as well as our proactive approach to evaluating the environmental impact of new developments such as our 32-nanometer manufacturing process technology, will assure that we remain at the forefront of these efforts.

We continue to engage in environmental dialogues everywhere we do business. Now, more than ever, it is clear that the “triple bottom line” of a healthy environment, strong economy and valuing people in all we do is the right strategy for leading us to a sustainable future.

Stakeholder Editorial

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

“Intel [employees] have always made themselves available to queries or concerns of the local people. I have been on the Community Advisory Panel for some years, and I have found it refreshing at all times – getting straight answers to straight questions. From an environmental point of view, they have revitalised the River Rye with major funding and commitment. The refurbishment and developments turned the surrounding area into a wildlife preserve. I believe Intel needs to continue to focus on the community and the surrounding area, and continue with the Community Advisory Panel and Past-Panel member meetings.”

Jim Carroll

Past Community Advisory Panel member and member of Friends of the River Rye, Ireland

Global Climate Change

At Intel, we consider global warming an important and serious issue and we are proactively addressing the threat of global climate change. To this end, we have assessed our climate change footprint, and have focused our efforts on three main areas: greenhouse gas emissions from our operations, energy usage in our operations, and the energy efficiency of our products. We have made significant investment and progress in all three areas.

Greenhouse Gases



Our overall climate change goal is to reduce greenhouse gas emissions per production unit 50% below the 2002 baseline by 2010. In 1999, Intel joined other members of the World Semiconductor Council to set a goal of reducing perfluorocompound (PFC) emissions 10% below 1995 levels by 2010. To meet this goal, we must reduce PFC emissions by more than 90% per silicon wafer. We are on track to meet these challenging goals, and in 2005 we reduced our PFC emissions 13%.

Energy-Efficient Products

Intel has made significant contributions to reducing end-user emissions by improving the energy efficiency of our products. We take a holistic approach to energy-efficient product design by examining each aspect of a product's life cycle, from design to manufacturing to consumer use. In August 2005, Intel CEO Paul Otellini announced that energy efficiency will be a key focus in our product development.

As the developer of the first Energy Star* compliant personal computer (PC), we have demonstrated our commitment to this goal. Our Instantly Available PC (IAPC) technology allows PCs to run more efficiently while reducing their energy use up to 71%. The U.S. Environmental Protection Agency (EPA) estimates that between 2002 and 2010, the use of IAPC technology will prevent 159 million tons of CO₂ emissions (the equivalent of taking 5 million cars off the road).



In 2005, we led an effort with the Mobile PC Extended Battery Life Working Group (an industry consortium of companies concerned about reducing the power consumption of mobile computers) to increase the energy efficiency of liquid crystal display (LCD) notebook screens. LCD screens are the single largest source of power consumption in notebook PCs (roughly 30% to 40% of the total power). Together, we developed a specification to reduce the energy consumption of LCD screens from approximately 5 watts to 3 watts or less. As a result of our technology developments and work with the supply chain, approximately 10 million LCD panels have shipped in notebook PCs that meet this stringent standard. Conservatively estimating that a typical notebook PC is used about 20 hours a week, this effort will result in more than 20 million kilowatt-hours (kWh) of energy savings a year – enough to prevent 16 million pounds of global-warming carbon dioxide from entering the atmosphere.

Other Intel technologies that help promote energy efficiency include Intel SpeedStep® technology, which allows the processor to step down to a lower voltage and frequency as the workload drops, to conserve

A “Green” Leap Forward



The Intel® Core™ Duo processor is RoHS compliant and energy efficient.

battery power, and our 1W motherboard, which enables the desktop PC to consume less than 1 watt in its lowest power mode. Intel was also recognized by former U.S. Secretary of Energy Spencer Abraham for our continued research on the internal power supplies used in PCs. This work, in conjunction with the Natural Resources Defense Council, has included changes to Intel design guidelines that encourage development and adoption of more energy-efficient power supplies. Implemented in the U.S. alone, these changes would result in reduced global-warming emissions of more than 10 million tons of CO² annually and cost savings to the end user of \$1.25 billion.

Operational Energy Savings

In our offices, facilities and factories, Intel completed more than 20 energy improvement projects in 2005. Through the use of improved controls, heat recovery and other conservation techniques, we saved 20 million kWh of electricity and nearly 2 million therms of natural gas, reducing the energy used per unit of product manufactured by 1.5%. This puts us well ahead of our publicly stated goal to reduce consumption 4% per production unit per year.

Our 2005 projects were part of an ongoing multi-year effort that has resulted in savings of more than 200 million kWh of electricity and approximately 5 million therms of natural gas. To continue this success, we work with our suppliers to drive improved efficiency in the manufacturing tools we use in production. We believe that progress in this area will complement the work begun on facility systems and continue to drive further improvements in the overall energy efficiency of the manufacturing process.

In addition to our operational energy reduction work, we are making a concerted effort in the U.S. to support the purchase, use and local market development for renewable (green) power. In Oregon, Intel has purchased wind power since January 2004. In 2005, we purchased 13,600 megawatt-hours of wind power, making Intel the largest purchaser of wind power in the Portland General Electric program. In New Mexico, Intel purchased 100,000 kWh per month, making Intel the largest industrial consumer of green power in the state. And in Austin, Texas, where we have design and development functions but no manufacturing, we maintain a renewable energy commitment of 840,000 kWh of wind power annually, and we have applied to purchase an additional 1 million kWh per year.

Future Priorities

Our primary goals for improving our greenhouse gas footprint in the near future include:

- Further reducing our PFC emissions
- Improving the energy efficiency of our factory tools
- Exploring new opportunities for the use of clean and renewable energy sources
- Improving the energy efficiency of our products

Water

A sustainable water resource is essential for a healthy community, balanced growth, a high quality of life and Intel's business. With some of our key manufacturing sites in arid locations, we recognize that prudent water management is an essential component of our overall business success.

Water Management and Conservation



Our approach to water management starts at the top with the commitment of our senior executives to lead the way in environmental management. We view water management from a holistic, life-cycle perspective. Early in our site selection processes, we look at the water supply necessary to run our operations. We then examine how we use water in our

operations. We have a team of dedicated water engineers who work to increase the water efficiency of our operations and look for opportunities to save water in everything from making ultra-pure water for our manufacturing processes to how we use water in our landscaping and restrooms.

Using the input of our hands-on water engineers, our strategic management council drives capital improvement projects for new manufacturing process technologies and sets water conservation priorities as part of factory planning. Because our business demands continuous process improvements, we have frequent opportunities for new water-efficiency projects. In addition, our new 300mm process uses 40% less water for each square centimeter of wafer surface area than the previous 200mm wafer technology.

Intel has made a long-term commitment to maximize the reuse of wastewater in our operations and drive further efficiency from our ultra-pure water plants. As a result, we have reduced our operational requirements for fresh water by approximately 35%. While our ultimate vision is to some day see the continuous reuse of water in semiconductor manufacturing, we currently discharge water from our operations according to local permits. Those discharge methods vary from site to site based on the needs of the local community. We partner with the local water management agencies to determine the best solutions for each location.

In 2005, Intel adopted a new water conservation strategy that focuses not only on our internal efforts but also on how we can:

- Share our expertise and learning with other businesses.
- Promote water conservation education and awareness in our local communities.
- Collaborate with universities, water suppliers, governments and water users to solve the most pressing regional water challenges.

Efforts at Our Sites and in Our Communities

In Arizona, we invested more than \$30 million for state-of-the-art water conservation technologies that enable us to return clean water back into the aquifer and use treated municipal water in our cooling towers. In New Mexico, Intel implemented a High Recovery Reverse Osmosis Process (HRROP) system, which improves ultra-pure water efficiency, allowing the site to save approximately 500 million gallons a year.

Throughout our operations, our goal is to supply all of the industrial water at our major campuses using reused or recycled sources rather than fresh water. For new facilities, our vision is to recycle 100% of the ultra-pure water used to manufacture silicon wafers.

As part of our external water conservation efforts, we worked closely with the City of Chandler, the Arizona Water Institute (a water research consortium of all public universities in Arizona) and the staff of Arizona Governor Janet Napolitano to promote her program to create a "culture of conservation." Additional examples of our external outreach in Arizona include:

- Participation in the Valley Forward Industrial Water Conservation Committee.
- A tour of the Intel Ocotillo manufacturing campus by Governor Napolitano to review water conservation best practices. The tour resulted in a workshop on wastewater reuse sponsored by the Governor.
- A collaborative presentation with the City of Chandler on lessons learned from wastewater reuse and water banking.
- Participation on the Steering Committee for the Arizona Water Institute to promote university research in water conservation.
- Hosting of a Technology Exchange Workshop for industry experts to share conservation best practices and identify key research needs with government, municipalities, other companies and university researchers.



At Intel's operations in Massachusetts, we awarded a \$421,000 grant from our \$1.5 million conservation fund for a community project to upgrade the town of Hudson's storm sewer system and create groundwater recharge from parking lots. The project and Intel's grant funding aim to increase critical water flows in the Assabet River. Intel has awarded more than \$600,000 to this effort since 2002. In late 2005, an additional \$14 million was approved for water conservation efforts within Intel. The majority of the investment will focus on utilizing reclaimed water for Intel factory systems in New Mexico. The balance will go to system-wide water-efficiency improvements.

We are confident that through a dedicated commitment to sustainable water management, we can meet our business needs as well as the needs of our communities.

Resource Conservation

We all have an impact or footprint that we leave on the planet. Intel works hard to minimize our global footprint by finding opportunities to reduce the amount of waste we generate and drive eco-efficiency improvements in our buildings, manufacturing and products.

Product Ecology

Throughout the last decade, consumers have become increasingly aware of how the production and use of electronics can affect the environment. Intel has responded to this increased interest by designing products that offer a reduced environmental footprint throughout all three phases of the product life cycle: production, use and ultimate disposal.

An area where we have had excellent success is in further reducing hazardous materials such as lead in our products. Intel has achieved lead reductions of up to 95% across all of our product lines, and 100% in selected products. Beyond our own product portfolio, Intel works with other companies to develop standards for lead-free products and to identify technologies that help make the vision of lead-free electronics a reality. For more information on our lead-free product efforts, visit our [RoHS/Lead \(Pb\) Free Solutions](#) web site.

Reducing Consumer Waste



Until recently, many consumers disposed of their old computers in the household trash. Today, Intel makes it easier to choose better options. Many Intel sites around the world offer Computer Recycle Days, which provide a convenient way for people to recycle used technology responsibly. In 2005, Intel hosted 16 events (including the first-ever e-waste collection event in Costa Rica), and at those events collected 1.3 million pounds of used electronics—900,000 more pounds than in 2004.

In addition to our collection events, our Rethink initiative with eBay brings together industry, government and environmental groups to help consumers find responsible solutions for used electronics. For an overview of the initiative, visit the [Rethink](#) web site.

Through our long-standing efforts with [Students Recycling Used Technology \(StRUT\)](#), Intel is helping to teach students how to refurbish used computers for donation to local schools. Besides keeping electronic equipment out of landfills, StRUT provides exciting educational opportunities for students while promoting responsible handling at the product's end of life.

Minimizing the Impact of Packaging

We have committed to reducing the waste associated with our new product packaging. In 2005, a team of Intel engineers implemented two silicon packaging solutions that will save the company an estimated \$80 million over four years. These innovative solutions will eliminate the use annually of more than 5 million pounds of petroleum-based plastics, 1.8 million pounds of corrugated paper packaging and 69,000 pounds of aluminum-based shielding bags.

Intel and Conservation International Re-Launch Web Site



Since 1994, Intel has worked with Conservation International to connect scientists and conservationists around the world by providing information technology tools and training. In 2005, Intel and Conservation International's Center for Applied Biodiversity Science re-launched the vividly designed [Biodiversity Hotspots](#) web site containing detailed information about the world's biodiversity hotspots.

The updated web site serves as a valuable educational resource for conservationists, regional planners, government policy makers, teachers, professors and students. The site showcases detailed information on each of the world's biodiversity hotspots, including aspects of each location's unique and threatened biodiversity, human impacts, a searchable database of terrestrial vertebrate species and conservation responses.

Improving Operational Recycling

Throughout our facilities, we have made a commitment to minimizing our waste through effective recycling and reuse of our waste materials. In 2005, we improved our equipment reuse process to increase the volume of tools reused and successfully found markets for the excess equipment that Intel no longer needs. We reused more than 600 wafer fabrication process tools worldwide. By reusing and reselling equipment, we avoided generating approximately 650 tons of solid waste disposal and reduced the impact on the environment of new tool production.

In 2005, we also recycled more than 55% of our worldwide chemical waste by working with our chemical waste vendor to find new industrial uses for a particular copper waste stream. By incorporating a unique closed-loop extraction process, the copper oxides in the waste are dried and sold directly to copper smelters. In 2005, more than 1 million gallons of waste were directly reused rather than recycled, effectively reducing Intel's environmental footprint.

Sustainable Food Service

Beginning in 2000, Intel and our cafeteria food supplier in Oregon embarked on a strategic partnership to develop and implement a sustainable food-service program. Over the last five years, it has evolved to include local and regional suppliers and restaurateurs, and has become a benchmark for sustainable food-service practices. This effort reduces the impact on the environment by supporting sustainable agricultural products, which are produced with fewer pesticides, chemicals and hormones. Additionally, all the organic kitchen waste materials are incorporated into a food-composting program with a landscape supplier. This Intel-supplier effort has led to the development of a sustainable food-service model that has provided significant value to Intel, our food-service vendor, local suppliers/farmers and our community. Intel is using the successful solutions from these programs in our other U.S. cafeterias.

Recognizing Environmental Excellence



Craig Barrett and inventor Brian LaTrobe.

Intel Environment Award. For the fifth year, Intel sponsored the San Jose, California-based Tech Museum Awards, an international competition that honors innovators from around the world who apply technology to benefit humanity. Intel Chairman Craig Barrett handed the winning trophy for the Intel Environment Award and a \$50,000 check to Brian LaTrobe of South Africa, principal of Enviro Options (Pty) Ltd., developer of the Enviro Loo. The Enviro Loo is a non-flush, waterless sanitation system that addresses the problem of polluted ground-water supplies, tainted lakes

and rivers, waterborne diseases, and general environmental degradation caused by human body waste in shallow-pit latrines. The Enviro Loo uses a natural biological process powered by the absorption of radiant heat from the sun, wind power and natural bacterial activity.

The other Intel Environment Award Laureates honored in 2005 included CTx GreEn, Canada; Envirofit International, Ltd., Colorado; Norman Holy, Pennsylvania; and the Reef Ball Foundation, Georgia. For more information on their projects, as well as those of past laureates, visit the [Tech Museum Awards](http://www.techmuseumawards.com) web site.

Intel Ireland Hosts Field Trip for Environmental Report Launch

Members of the local community and 24 students from local primary schools enjoyed a special field trip as part of the launch of the Intel Ireland Environmental Report, an in-depth environmental survey of the Intel Ireland campus. The study investigated and recorded the different habitats located on the site as well as the insects, amphibians, mammals and bird species found there. Field trip participants armed with bug boxes and lots of enthusiasm identified wood lice, millipedes, sticky slugs, ladybirds, tadpoles, and deer tracks.

Internal Environmental Excellence Awards. Each year, Intel's Environmental Leadership Team reviews company-wide nominations for project teams that have gone the extra mile to produce creative, effective environmental solutions for Intel. The award recognizes and encourages outstanding achievements in environmental programs and performance. Any group, team or individual is eligible. Winners of the 2005 Intel Environmental Excellence Award included teams that produced Intel's first lead-free board-level product; invented a new, environmentally friendly chemical mixture used in the microprocessor etching process; partnered to develop a more sustainable food-service system for Intel cafes; and replaced existing aerators in restroom sinks to save an estimated 4.8 million gallons of water annually.

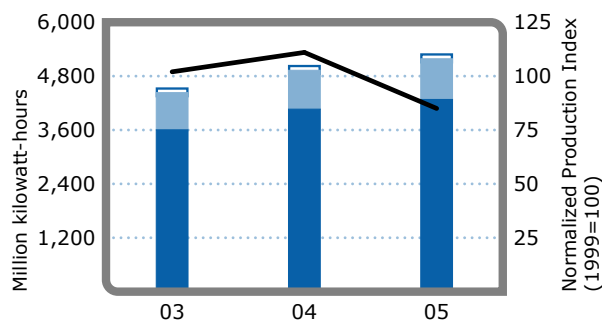
Performance Indicators

Every quarter, we review EHS performance indicators with our senior executives. We have done this for more than 15 years, and we continue today, because these indicators are critical for managing our business.

Normalized Production Index. The following graphs show some of the key indicators that we use to manage EHS performance. For the past several years, we have reported Intel's performance in both absolute terms and per unit of production for most of our environmental indicators: the Normalized Production Index (NPI). The NPI is derived directly from our worldwide silicon wafer production and is indexed to a reference or baseline year of 1999. (NPI = 100 for baseline year 1999.) With this direct correlation to Intel's global manufacturing levels, the NPI enables more accurate year-to-year comparisons and easier analysis of overall environmental performance. The index also supports trending comparisons across semiconductor manufacturers using similar normalization methods.

Energy Use

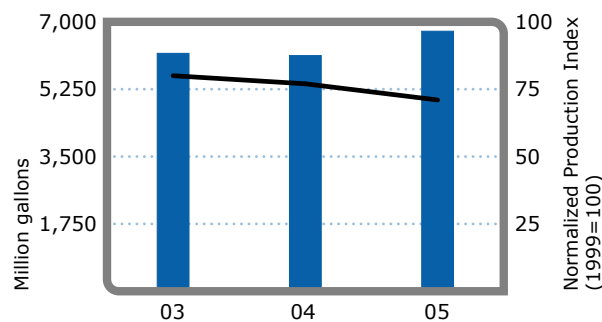
■ Electricity ■ Natural gas □ Diesel
— Energy use—normalized



Total energy use increased 5% in 2005 due to the addition of new facilities; however, normalized energy decreased 15%. Intel continues to implement energy reduction projects and remains well ahead of our goal to reduce normalized energy consumption an average of 4% per year from 2002 through 2010.

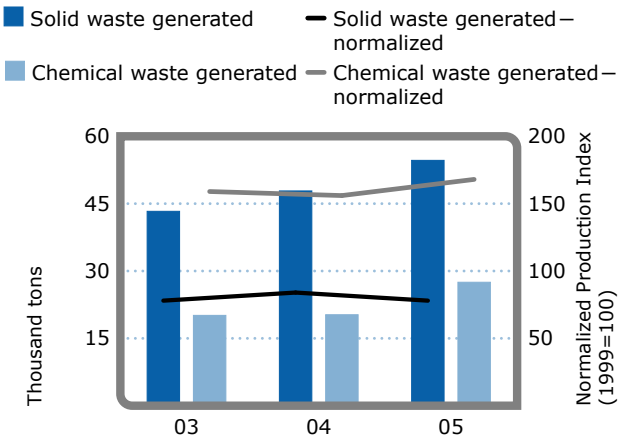
Water Use

■ Water use — Water use—normalized



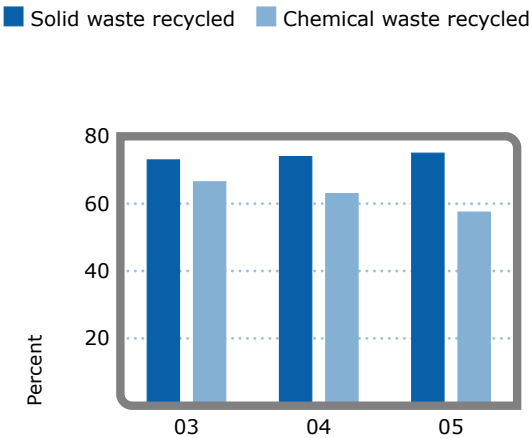
Due to our continued growth, absolute water use increased 9% in 2005, but was down 8% when normalized for production. We continue to implement comprehensive reuse, recycling and reduction programs, which have saved Intel more than 20 billion gallons of water since 1998. In 2005, we established an internal goal to reduce our normalized water usage below 2005 levels by 2010 through water conservation and recycling programs.

Waste Generated



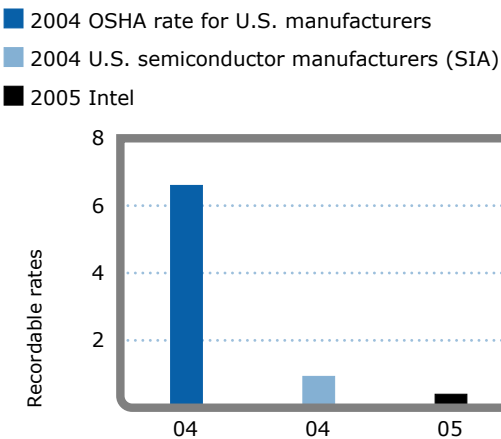
In 2005, the amount of chemical waste generated worldwide on a normalized basis increased 13% due to factory ramps and conversions. We continue to recycle a significant percentage of our overall waste, but increases in the total amount of chemical waste are an ongoing challenge that we are addressing.

Waste Recycled



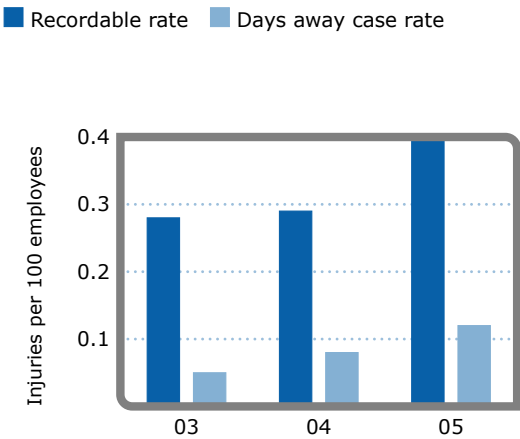
In 2005, Intel recycled 75% of the solid waste and 57% of the chemical waste generated at our facilities worldwide.

Recordable Case Rate Benchmarks



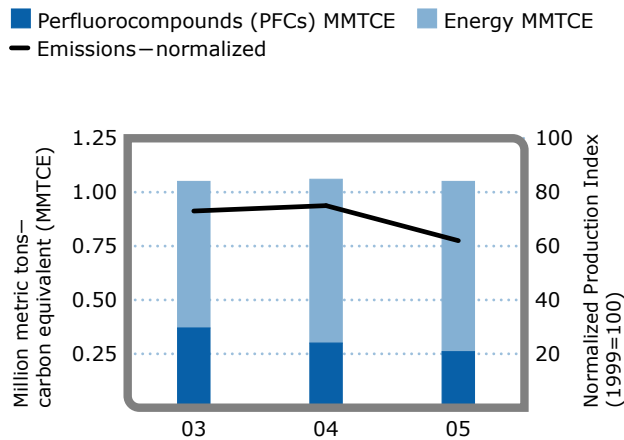
Each year, Intel compares the company's health and safety performance with existing benchmarks. Relative to the latest data available for all U.S. manufacturers and the leading U.S. semiconductor companies as represented by the Semiconductor Industry Association (SIA), the safety performance of Intel employees continues to be world-class.

Recordable and Days Away Injury Rates



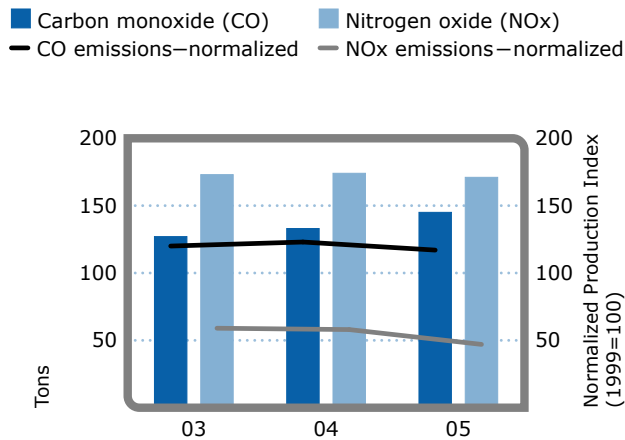
Intel's Recordable Case and Days Away Case rates for injury and illness in the workplace rose in 2005. Overall, safety performance continues to be world-class, but increases in rates over the last two years are an area of focus. Intel and our employees believe that all workplace injuries are preventable, and we are striving to reduce them.

Global-Warming Emissions



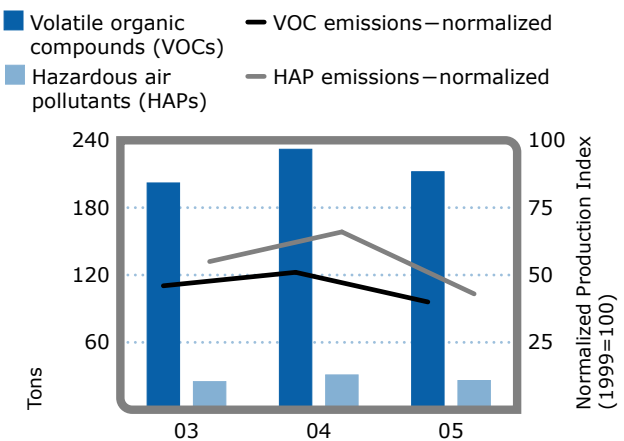
In 2005, we reduced our absolute PFC emissions 8% and our normalized emissions 25%. Our global-warming emissions associated with PFCs have declined for five consecutive years. Intel’s goal is to reduce normalized greenhouse gas emissions 50% below the 2002 baseline by 2010.

NOx and CO Emissions



NOx and CO emissions were mixed in 2005, with absolute NOx emissions down and CO emissions up. Both emissions were down on a normalized production basis. No Intel factories are defined as major sources by the U.S. EPA for NOx or CO emissions.

VOC and HAP Emissions



VOC and HAP emissions decreased in 2005 by 9% and 16%, respectively. All Intel manufacturing facilities will remain minor sources of HAP emissions, as defined by the U.S. EPA.

SARA Title III Reportable Chemicals by Site (U.S.)

2003 Calendar Year (pounds), Reported July 2004

	Releases to Air		Transfers Off Site			
	Fugitive Emissions	Stack Emissions	Discharges to POTW**	Energy Recovery	Recycling	Other Treatment
Aloha, Oregon						
Ethylene glycol	10	10	11,600	0	350	0
N-methyl-2-pyrrolidone	10	280	390	0	19,550	0
Total	20	290	11,990	0	19,900	0
Chandler, Arizona						
Hydrofluoric acid	10	499	10	0	80	22
Lead compounds†	0	1	0	0	126	31
N-methyl-2-pyrrolidone	10	1,102	10	0	9,486	0
Total	20	1,602	20	0	9,692	53
Colorado Springs, Colorado						
Ethylene glycol	10	10	15,800	100	0	370
Hydrogen fluoride	10	500	10	0	0	260
Nitrates	0	0	36,100	0	0	0
Nitric acid	0	180	10	0	0	390
N-methyl-2-pyrrolidone	20	100	4,200	50	41,500	660
Total	40	790	56,120	150	41,500	1,680
Hawthorne Farms, Oregon						
Lead compounds†	0	0.014	0.004	0	1,168	0
Total	0	0	0	0	1,168	0
Hudson, Massachusetts						
Ammonia	162	7,914	24,350	528	182	0
Copper compounds	0	0	74	0	45,626	0
Ethylene glycol	0	3	29,531	88,022	0	1,187
Hydrofluoric acid	10	672	0	528	0	210
Lead compounds†	0	0	76	0	1,899	89
Methanol	212	207	37	8,941	152	0
Nitric acid	0	1	0	0	112	0
N-methyl-2-pyrrolidone	0	762	14,721	96,053	28,900	1,435
Total	384	9,559	68,789	194,072	76,871	2,921
Ocotillo, Arizona						
Ammonia	10	5,324	10,000	0	0	300
Copper compounds	0	0	211	0	10,367	0
Ethylene glycol	20	10	147,300	320	0	455
Hydrofluoric acid	10	1,200	10	0	0	7
Lead compounds†	0	0.17	42	0	2,443	0
Methanol	788	2,780	0	10,200	0	455
Nitrates	0	0	47,238	0	0	0

Releases to Air			Transfers Off Site			
	Fugitive Emissions	Stack Emissions	Discharges to POTW**	Energy Recovery	Recycling	Other Treatment
Ocotillo, Arizona (continued)						
Nitric acid	10	600	18,560	0	0	0
N-methyl-2-pyrrolidone	20	190	25,000	450	254,646	330
Total	858	10,104	248,361	10,970	267,456	1,547
Rio Rancho, New Mexico						
Chlorine	0	2,470	0	0	0	110
Copper compounds	0	0	270	0	3,020	1,090
Ethylene glycol	30	570	131,000	410	18,000	3,040
Hydrofluoric acid	180	7,970	10	0	0	80
Lead compounds†	0	0.40	156	0	1,470	55
Methanol	10	2,780	0	10	4,770	430
Nitrates	0	0	82,000	0	0	0
Nitric acid	0	3,480	70	0	0	40
N-methyl-2-pyrrolidone	1,420	510	10,700	3,540	275,000	2,160
Total	1,640	17,780	224,206	3,960	302,260	7,005
Ronler Acres, Oregon						
Ammonia	10	3,040	32,300	0	0	1,000
Copper compounds	10	10	430	0	17,598	0
Ethylene glycol	10	10	115,000	0	78,578	0
Hydrofluoric acid	10	880	10	0	0	4,040
Lead compounds†	0	0.290	25	0	484	0
Methanol	860	6,870	0	0	23,870	0
Nitrates	0	0	56,700	0	0	0
Nitric acid	10	820	10	0	0	0
N-methyl-2-pyrrolidone	50	240	128,000	0	333,540	0
Total	960	11,870	332,475	0	454,070	5,040
Santa Clara, California						
Ammonia	10	2,929	8,615	103	0	217
Copper compounds	0	0	23	0	11,505	0
Ethylene glycol	10	10	28,266	103	59,474	0
Hydrofluoric acid	10	311	10	0	0	217
Lead compounds†	0	0.20	11	0	198	0
Nitrates	0	0	0	0	0	0
Nitric acid	10	143	0	0	0	217
N-methyl-2-pyrrolidone	28	15	2,535	2,724	75,660	0
Total	68	3,409	39,460	2,930	146,837	651
2003 Calendar Year (pounds), Reported July 2004 Intel Total						
	3,990	55,404	981,421	212,082	1,319,754	18,897

** Publicly Owned Treatment Works (POTW)

† Lead releases equal air emissions plus POTW discharges, due to U.S. EPA requirement that metals sent to POTW be recorded as releases.

Inspections and Compliance 2005

Collectively, Intel's facilities around the world average more than 90 inspections a year by various environmental and safety regulatory agencies. The following is a list of non-compliance issues recorded in 2005. For the second consecutive year, Intel did not receive any fines or penalties related to EHS compliance.

Location	Type	Violation	Fine	Intel's Corrective Action
Ireland	Environmental	Sanitary sewer overflow	No fines or penalties	Removed contaminated soils, monitored for environmental impact, completed sewer inspections, banned use of heavy towels that caused blockage, installed alarm sensors
India	Environmental	Non-conformance to permit conditions on sewage treatment facilities and rain water capture	No fines or penalties	Permit conditions were clarified and renegotiated



Clear About Education

Increasing our impact and reaching more students.

Education

We reached several milestones in our education initiatives during 2005. We passed the 3 million teachers trained mark with our Intel® Teach to the Future professional development program. We celebrated the opening of our 100th Intel® Computer Clubhouse. And we hosted a record 45 countries at the Intel International Science and Engineering Fair.



We also grew and expanded our programs in emerging markets. The Intel® Learn community education program and the Intel Teach to the Future program both expanded into four new countries, while the Intel® Higher Education Program extended its entrepreneurship program in emerging markets, and conducted student research and design competitions in

Argentina, Chile, China, India and Turkey.

Finally, Intel's policy work in promoting technology to improve 21st century education played a significant role at the United Nations World Summit on the Information Society. There, Intel Chairman Craig Barrett was honored to be the sole representative of the private sector to address the plenary session.

Mission



Our education initiatives seek to accelerate improvement in education for the knowledge economy. We strive to be a trusted partner to educators and governments worldwide, and integral to this mission is a focus on "success for all," including women, under-represented minorities and those with little or no access to technology.

We have three core objectives in education:

- Improve teaching and learning through the effective use of technology.
- Advance mathematics, science and engineering education and research.
- Advocate for and celebrate 21st century educational excellence.

Each year, Intel invests about \$100 million across 50 countries to improve education. Several distinct programs work in concert to achieve considerable scale and scope as they fulfill these objectives.



2005 Highlights

In 2005, we:

- Trained more than 800,000 teachers as part of our Intel® Teach to the Future professional development program – for a total of more than 3 million trained worldwide since 2000.
- Strengthened professional development with several new Intel Teach to the Future program offerings.
- Reached 135,000 learners through Intel® Learn, our after-school program in government-funded community technology centers.
- Opened the 100th Intel® Computer Clubhouse, in Washington, D.C.
- Celebrated the achievements of more than 1,400 young scientists from a record 45 countries at the ninth annual Intel International Science and Engineering Fair.

Stakeholder Editorial

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

"Intel's long-established support and encouragement of diverse strategies to improve student literacy, increase student success in science and math, and expand exploration in engineering and technology helped create a unique educational partnership in Oregon. The energetic, educational outreach efforts cultivate strong collaborative relationships with educators and educational systems. The volunteer program taps Intel's enormous pool of professional and technical employees, encouraging adult volunteerism in schools and providing a sustainable approach to improving schools.

As Oregon's largest employer, it is vital for Intel to continue to publicly advocate for education and to actively participate in the dialogue asserting the urgency and importance of healthy school systems for all children. Such action will solidify the foundation necessary for all schools, making Intel's outreach efforts truly the enrichment students deserve."

Jeremy Lyon, Ph.D

Superintendent, Hillsboro School District, Hillsboro, Oregon, U.S.

Teaching and Learning with Technology

Intel's professional development program, Intel® Teach to the Future, and our community education programs, Intel® Learn and the Intel® Computer Clubhouse Network, all work to help elementary and secondary students develop skills such as technology literacy, critical thinking, problem solving and collaboration. Each of these programs met or exceeded the goals we set for them for 2005.

Professional Development



Intel Teach to the Future. In 2005, the Intel Teach to the Future professional development program trained more than 800,000 teachers. This brings the total to more than 3 million teachers trained in more than 35 countries since we introduced the program in January 2000. We also expanded to other countries, with launches in Colombia, the Czech

Republic, Saudi Arabia, the United Arab Emirates and Vietnam.

Intel's five-year goal is to reach 10 million teachers and donate 100,000 PCs to classrooms in developing nations in order to improve teaching and learning.

To ensure consistent quality in the program, we used independent research to evaluate its impact. The research demonstrates that the Intel® Teach to the Future Essentials Course has a positive impact on the use of technology in the classroom. According to the study, prepared by independent evaluators at the Education Development Center, 91% of teachers reported new or increased use of technology with their students after completing Intel Teach to the Future training. In China, the China Education and Science Evaluation Center conducted a third-party review of the program. They found that Intel Teach to the Future offered updated educational concepts, construction of advanced theories, advancement of teaching abilities, enhancement of overall quality, greater in-class efficiency, and improved student creativity and performance.

Because sustaining teacher development over time supports 21st century learning, we extended our Intel Teach to the Future offerings to include several new programs in 2005. While the Essentials Course remains the backbone of the effort, we introduced the new Workshop on Teaching Thinking with Technology in Costa Rica, South Africa and the United States. This program builds on the Essentials Course to provide teachers with sustained professional development and a stepping stone to an online training environment. The Online and Collaborative program ramped up in Germany and Austria, and will also be offered in Sweden and France. This hybrid face-to-face and online platform represents the future of Intel's training for teachers with its ongoing online training and support materials.

For more information and a list of countries offering the program, visit the [Intel Teach to the Future](#) web site.

100 Computer Clubhouses

INTEL CELEBRATES
100
COMPUTER CLUBHOUSES

"At Intel Computer Clubhouses, dedicated mentors guide and inspire youth to channel their creativity through technology to develop skills that can open doors to personal and professional achievement."

Craig Barrett
Intel Chairman

Community Education



Intel Learn. In 2005, the Intel Learn program brought expertise in critical thinking, problem solving and collaboration to young people in four new countries—Brazil, Egypt, Russia and Turkey—in addition to the existing program countries China, India, Israel and Mexico. This community-based effort, delivered on a large scale as an informal after-school program in

government-funded community technology centers, reached 135,000 learners in 2005.

Intel Learn provides 8- to 16-year-olds in developing countries with hands-on activities and projects that help improve critical learning skills. A formal independent evaluation, managed by SRI International in cooperation with local education experts in each country, demonstrates that the program engages and motivates students and delivers positive gains against targeted learning objectives.

In 2006, Intel Learn will continue to grow the number of learners in the existing eight countries, while launching additional “after school” community-based programs around the world. In response to government requests, Intel is also adapting the curriculum for an “in-school” environment. For more information, visit the [Intel Learn](#) web site.



Intel Computer Clubhouse Network. The Intel Computer Clubhouse is a community-based after-school education program hosted by community organizations and funded by Intel and other partners. Based on a learning model created by the Museum of Science, Boston and the MIT Media Laboratory, the Computer Clubhouse offers a safe environment of

trust and respect where young people can develop technological fluency, collaborative work skills and self-esteem.

In February 2000, Intel committed to establish 100 Computer Clubhouses in underserved communities around the world. In May 2005, the program celebrated the opening of the 100th Computer Clubhouse, in Washington, D.C. 2005 also marked the opening of the first Computer Clubhouse in Russia, in Nizhny Novgorod. By the end of 2005, the network included 116 Computer Clubhouses in more than 20 countries.

For more information and a list of locations, visit the [Intel Computer Clubhouse](#) web site.

Advancing Mathematics, Science and Engineering



Math, science and engineering are the essential building blocks of technology and innovation. To help advance education and research in these critical subject areas, Intel supports programs for elementary and secondary students as well as for faculty and students at the university level.

Science Competitions

Intel International Science and Engineering Fair. In 2005, the Intel International Science and Engineering Fair (Intel ISEF), the world's largest pre-college science competition, brought together more than 1,400 young scientists from a record 45 countries, regions and territories to share ideas, showcase cutting-edge science, and compete for more than \$3 million in awards and scholarships. Each year, finalists are selected from over 550 Intel ISEF-affiliated fairs held worldwide. Through these affiliate fairs, millions of students engage in deep scientific research and develop the passion that will make them tomorrow's innovators. 2006 marks Intel's tenth year as title sponsor of the competition.

Intel Science Talent Search. The Intel Science Talent Search is America's oldest and most prestigious pre-college science competition. The competition provides an opportunity for U.S. high school seniors to complete an original research project and have it recognized by a national jury of highly regarded professional scientists. The winners and their schools receive \$1.25 million in scholarships and awards. All 300 semifinalists receive \$1,000 each, as do their schools. After a week-long program in Washington, D.C. in March, the top 10 winners also receive scholarship awards ranging from \$20,000 to \$100,000.

Higher Education



Intel® Higher Education Program. The Intel Higher Education Program is designed to advance innovation in key areas of technology and to develop a pipeline of world-class technical talent for tomorrow's high-tech industries. We achieve these goals through collaboration with more than 100 top universities in 30 countries.

The Intel Higher Education Curriculum Forum continued to expand in 2005. Working with leading faculty, we added new curricula in the areas of technology entrepreneurship, signal integrity, packaging technology and microelectronics fabrication. Curricula are available both on the Internet and through face-to-face workshops.

In 2005, Intel continued to promote student-centered higher education programs. The introduction of the Technology Entrepreneurship program was a particular highlight. It brings a proven curriculum on entrepreneurship from the UC Berkeley Haas School of Business to universities worldwide. The Intel Higher Education Program launched a multi-country business plan competition called the Intel+UC Berkeley Technology Entrepreneurship Challenge. Participants hailed from Mexico, Russia, Singapore and

the U.S. Additionally, to promote project-based learning, Intel sponsored several student design and research competitions in China, India, Mexico and Taiwan.

Intel also initiated a pilot program in the Philippines to significantly enhance the investment in graduate research programs. Working with the Philippines Semiconductor Industry Association and the Philippine government, Intel established a large graduate fellowship program targeted at increasing the number of students pursuing M.S. and Ph.D. degrees in that country. We also spearheaded an effort to incorporate an Environment and Safety requirement in all engineering curricula, starting in the 2006 school year.

To encourage more American students to opt for advanced degree programs in technical fields, we worked with several graduate institutions to develop a new program that offers undergraduate students the opportunity to experience a high-tech research environment. We hope that this firsthand research experience will help entice more Americans to continue on to graduate school in technical fields.

In 2006, we look forward to continuing to help colleges and universities around the world stay on the cutting edge of technology. We plan to expand the Technology Entrepreneurship program to a total of 12 countries, and we will support more than 20 universities to develop enhancements for existing classes in their computer science curriculum. The enhancements will include concepts critical to developing software for our new multi-core architectures. Support for universities includes a three-day training class on threading for multi-core architectures as well as cash and equipment for enhancing their classes.

To read about these and other Intel education programs, visit our [Intel® Innovation in Education](http://www.intel.com/innovation/education) web site.

Advocating and Celebrating 21st Century Educational Excellence



Intel works with educators and governments to promote excellence in education. We also collaborate with multilateral organizations such as The World Bank; the United Nations Educational, Scientific and Cultural Organization (UNESCO); and the World Economic Forum to promote economic development through 21st century education.

Schools of Distinction Awards

To celebrate 21st century educational excellence and disseminate best practices, Intel and Scholastic sponsor the Schools of Distinction awards in the United States. The program recognizes K-12 schools that demonstrate excellence in implementing innovative programs supporting positive educational outcomes. In 2005, Intel and other sponsors awarded \$5 million in grants and products to 20 winning schools in 10 categories ranging from achievements in science, math and literacy to teacher professional development, teamwork, collaboration and leadership. For more information, visit the [Schools of Distinction](#) web site.

Multilateral Engagement in Education

Intel works with a variety of international organizations on issues related to economic development and competitiveness through 21st century education. Our collaborations in 2005 included the following:

UNESCO. Our education team continued its work with UNESCO to create a worldwide syllabus for teacher training, scheduled for completion in 2006. The syllabus provides best-practice teacher training guidelines for the use of technology to improve education. UNESCO chose to work with Intel because of our extensive experience in training teachers to integrate technology into lesson plans.

United Nations ICT Taskforce/Global eSchools and Community Initiative. In 2005, Intel's education team sponsored research by the Global e-Schools and Communities Initiative, an affiliate of the United Nations Information and Communications Technology (ICT) Task Force, on best practices for public-private partnerships in education reform. We also contributed to the policy dialogue on information technology in education by sponsoring and presenting at conferences organized by the ICT Task Force, the United Nations Industrial Development Organization, UNESCO and other organizations. The toolkit developed for these presentations provides education ministries with a framework for developing technology plans and making informed decisions about their nation's technology approach.

United States Agency for International Aid (USAID). Beginning in February 2005, Intel partnered with the Academy for Educational Development, a non-governmental organization, and USAID to support the Jordanian initiative Education Reform for the Knowledge Economy. The pilot program, Computers on Wheels, provides teachers and students with new ways to use computers to improve teaching, learning and employment readiness. The program brings laptop computers to Jordanian classrooms on mobile carts rather than having students leave their classrooms to visit computer labs. This innovative approach eliminates the costs of building and refurbishing lab space, acquiring special furniture and providing security.

Stakeholder Editorials

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

"This is a great example of public-private cooperation to achieve an important education and workforce development objective."

Dr. Eric Rusten

Project Director, Academy for Educational Development

"This new equipment will enable students to display their creativity and their ability to receive and convey information to others. The use of these laptops will turn students into searchers of information rather than recipients of information, which is the main goal of the knowledge-based economy and the Ministry of Education's plans to make the students the center of the educational process."

Jordanian teacher and Computers on Wheels participant

Fitted with 10 to 15 WiFi-capable laptops, the mobile carts also contain a basic server and peripherals such as printers. In classrooms, the carts enable students to use these connected computers to engage in collaborative learning activities, access e-learning content, carry out research and complete required course activities.

NEPAD eSchools Collaboration. The eSchools program is a multi-year, multi-country effort to give African students access to information technology. Intel is working with the IT industry and African Ministries of Education, through the New Economic Pact for African Development (NEPAD), to define and prototype marketable e-learning solutions.

United Nations World Summit on the Information Society. We were proud to participate in the 2005 UN World Summit on the Information Society in November at which Intel Chairman Craig Barrett was the only representative of the global technology industry to deliver opening remarks to the plenary session, which included UN General Secretary Kofi Annan.

Intel hosted a workshop at the summit on Transforming Education with Technology and showcased our solutions, programs and technologies at our booth. We also made a donation to the event that enabled delegates from poorer countries to attend the summit. Several of our executives participated in panels and roundtable discussions about various IT and development-related topics.

For more information, visit the [World Summit on the Information Society](http://www.unis.org) web site.



Clear About Community

Reinforcing our community commitment every day.

Community

We actively engage in our communities and look for opportunities that align local needs with our corporate and employee expertise. We seek positive impacts on education, environmental stewardship and safety, and community development around the globe.

Making a Difference in Our Communities Worldwide



Community involvement is a passion for Intel and our employees. It offers us an important opportunity to give something back, and to make our communities better places to live and work. We view being a community asset as a critical component of our business success. From local volunteer efforts to strategic community investments to new applications of technology, we always look for ways to make a difference.

We apply the concept of strategic philanthropy in our approach to community investments to maximize the value of our monetary contributions and human resources. Our focus areas for investment—which include education, environmental stewardship and safety, diversity and community capacity building—provide the best opportunities to align Intel business with the needs of our communities and the expertise of our employees.

We engage with our community stakeholders as a matter of business practice. Review our methods and approach [on page 50](#).

Stakeholder Editorials

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

"Intel is taking corporate social responsibility to a new level."

Malaya Online business newspaper, Philippines

"The arrival of the blue-clad Intel crew each day was such a welcome sight. Many stayed beyond the scheduled shift to complete specific projects, which demonstrated pride and commitment to a job well done."

Kristine Johnson

Volunteer Coordinator, Lakewood Rotary, DuPont, Washington, U.S.



2005 Highlights

In 2005, we:

- Expanded Intel's innovative and successful Volunteer Matching Grant Program to Intel sites in China (Chengdu and Shanghai), Costa Rica, India, Ireland and Malaysia.
- Set new records for employee volunteerism and coordinated more than 35 projects involving thousands of Intel employees to support Global Earth Day at our sites around the world.
- Launched the Digital Transformation Initiative for the Middle East, a comprehensive, multi-year program expanding our economic, educational and technology-related support throughout the region.
- Piloted the Community PC and Farmer PC, which are designed to meet the specific needs of rural, remote and agrarian-based communities in developing geographies.
- Provided digital healthcare technology to village resource centers and mobile clinics in India and China.
- Provided substantial financial, employee and technology support for disaster relief to stricken communities around the world.

Intel Involved

One of our key corporate values, displayed on Intel posters and employee badges all over the world, is to “be an asset to our communities worldwide.” Intel employees contribute thousands of volunteer hours each year through the Intel Involved program in support of local education, community service projects and environmental programs.

Education in the Community

Intel employees around the world devote their time to making a difference in education. They take on tasks such as reading to students, explaining algebraic equations, helping out on field trips and providing real-world examples of what an engineer does every day. Best of all, this volunteerism has an added financial impact, thanks to the Intel Volunteer Matching Grant Program (VMGP).

Under VMGP, when one or more Intel employees has volunteered 20 hours at a particular school or Intel® Computer Clubhouse, that school or Clubhouse receives a cash donation from the Intel Foundation based on the total volunteer hours served. The program has raised almost \$10 million over the past 10 years, which is testimony to the more than 1.2 million hours that Intel employees have volunteered.



China. In conjunction with the opening of Intel's first assembly and test plant in Chengdu, Sichuan Province, Intel extended the VMGP to China in 2005. We also sponsored the 21st China Adolescents Science and Technology Innovation Contest in Chengdu. The two-day event attracted more than 3,500 students from 300 schools and 324 science and technology innovation projects. The Intel VMGP program is currently active in China, Costa Rica, India, Ireland, Israel, Malaysia, the Philippines and the United States.

Israel. Intel is working to create a window to the world for children living in the remote Negev desert. We helped a school in the Bedouin village of Rahat connect to the Internet using WiMAX technology. In the near future, we plan to expand this effort to other villages in the Negev desert.

Philippines. Intel employees in the Philippines share their time and talent in a variety of programs. On Saturdays throughout 2005, volunteers mentored participants in support of the Alternative Learning System, a program that allows out-of-school youth and those lacking a high school diploma to finish high school without formal classes. With the launch of the VMGP in the Philippines, Intel Involved participants also succeeded in raising almost \$250,000 and donating hundreds of hours to help improve public schools and the Ayala Computer Clubhouse. Volunteer activities included science and math tutoring, conducting fire drills, emergency response training, tree planting, computer donations, reading and writing classes, school cleanups, building repair, recycling and mentoring.

United States. Hundreds of Intel employees in Phoenix, Arizona volunteered their time to make the 2005 Intel International Science and Engineering Fair a success. Employees served as judges, interpreters, registration volunteers, bag stuffers and speakers, supporting the more than 1,400 students from 45 countries competing in the event.

Our Folsom site in California held a Backpack Drive to help an underserved school in the Folsom-Cordova Unified School District. Employees collected backpacks, notebooks, folders, pencils, erasers, glue sticks, scissors, markers, pencil boxes and crayons to ensure that every kindergarten through sixth-grade stu-

Stakeholder Editorials

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

“We are so proud of our partnerships with Intel and supporting sponsors, government agencies and other nonprofit groups – and, most of all, the citizens of this county. These types of activities bring out the best in people and really make a difference in our livability.”

Jack McGowan

Executive Director, Stop Oregon Litter and Vandalism (SOLV), U.S.

“If it hadn't been for the Intel grant, we would have had to make cuts elsewhere in the building to afford the new computer system.”

John Blood

Hudson Fire Department
Deputy Chief
Hudson, Massachusetts, U.S.

dent at Riverview's Elementary School had supplies on the first day of school. In addition, we provided all of the school's 30 teachers with messenger bags full of supplies for their classrooms.

Massachusetts high school students attended "High Tech U" at our Fab 17 facility. Intel volunteers taught students about the key concepts of semiconductor technology. By leading students in a variety of exercises to reinforce what they were learning, our volunteers made technology concepts more accessible for today's teens.

Community Development

China. In response to the Chinese government's call to "build up a harmonious society" by bringing advanced concepts and technology into the community, making neighboring communities closer and improving the environment, Intel China launched its Intel Walk into the Community program in 2005. This four-month effort extended to six community centers and involved approximately 1,000 families and 150 Intel volunteers. The program aims to help the government build and sustain Shanghai as a model environmental city, and establish Intel as a company that cares for the environment and the community of which it is part.

Intel Hong Kong launched its first Intel Involved events starting in September 2005, and those efforts have already had an impact in the community. The first program included a charity auction that raised funds for South Asia Earthquake Relief. The proceeds were matched through the Intel Volunteer Matching Grant Program. The group also rolled out a PC Recycling program by donating 18 IBM ThinkPad T30* computers to senior citizens. In December, Intel employees started training recipients on basic PC skills using Windows XP* and Microsoft Office*.

Ireland. In November 2005, Intel Ireland hosted one of its most popular Intel Involved volunteer projects, the Intel Senior Citizens' Christmas Party. The Intel Sports and Social Club organized and funded this 10th annual event for the senior citizens in Leixlip. Each year, about 200 guests are invited, and more than 30 Intel employees volunteer to help out at the party.

Malaysia. More than 90 Intel employees in Malaysia helped generate awareness for the challenges and obstacles faced by the visually impaired during Malaysia's first White Cane Day Celebration. Working with St. Nicholas Home for the Blind, each Intel volunteer guided a blind person on a stroll through Pulau Tikus and then had their own experience of what it meant to be visually impaired by undertaking everyday activities while blindfolded.

Russia. More than 50 Intel Moscow employees joined a local Intel Involved event in 2005, assisting with repairs for a local orphanage. In collaboration with the International Women's Club of Moscow, our employees used funding provided by Intel to improve the facilities as well as donating their own money and toys to the orphans.

United States. Involvement in United Way Helping Hands inspired approximately 175 Intel volunteers to assist with 12 projects in Oregon in June. Some volunteers staffed a Community Cycling Center, getting 40 bikes in working condition for donation to low-income families. Others put their efforts into Habitat for Humanity projects. Many Intel groups use these opportunities as team-building activities.

By June 2005, Intel Oregon employees had donated more than 5,700 pounds of food to the Oregon Food Bank, a 50% increase from 2004. At campuses across the state, Intel employees can leave items for collection in giant barrels at building entrances. Food is collected every week throughout the year, and posters in the common areas make sure that employees know the importance of their continued giving.

Stakeholder Editorials

"With the Alternative Learning System [ALS] being jointly implemented by Intel and the Municipality of General Trias, I am confident that more residents of Cavite will eventually find gainful employment. Intel, ICAP and the Municipality of General Trias are certainly the right team to work on this worthwhile endeavor.

The Intel Involved volunteers have been steadily committed to their Saturday mentoring classes, and our participants have been very happy about how they are being taught basic subjects like numbers skills, writing and communication proficiencies. There are around 400 enrolled in ALS and we have about 200 Intel teacher volunteers. We are quite excited about the forthcoming graduation, and we hope that many of our students pass the exams. In the next run of ALS, we hope that Intel can help us enhance the program by adding more subjects to be taught in our classes. More importantly, we need Intel's help in designing a program that helps our graduates find employment or pursue higher education."

Jhem Fauni

Chair, Intel Community Advisory Panel, Philippines

"There's no way this playground would have gotten done on time without Intel's participation—it was unbelievable!"

Larry Mattingly

Project Consultant
Leathers and Associates

"Our graduation ceremonies will be truly memorable. Not only are our students moving on to higher levels, our ceremonies have a real stage to celebrate this milestone. Had it not been for Intel, this wouldn't be possible."

Principal, Javalera Elementary School, Philippines

Approximately 500 Intel Washington volunteers got involved in a project in 2005 to construct a children's playground covering one-third of an acre in just seven days. The effort required months of careful planning, purchasing and staging of more than \$200,000 worth of building materials, expert consultants and a huge volunteer workforce. With the help of Intel employees, the Fort Steilacoom Park playground in Lakewood, Washington was completed on schedule and opened for summer fun.

When the Hudson Fire Department in Massachusetts began building a new fire station, Intel contributed \$20,000 toward the purchase of a new computer system, which now provides the town with a state-of-the-art communications system that links the Hudson Fire Department with other departments in both Hudson and the surrounding communities. The software manages incident reporting, equipment inventory, maintenance records and various other aspects of running a busy municipal fire department.

Environmental Improvements



Global Earth Day. Around the world, Intel employees demonstrated their commitment to the environment by participating in environmental service projects in celebration of 2005 Global Earth Day. More than 35 events involved thousands of Intel volunteers and included activities ranging from kick-off parades and planting events in Asia, Europe, the Middle East

and Africa to computer and e-waste recycling events in Ireland and the U.S. In Israel, employees picked oranges to provide food for welfare institutions, while in the Latin America region, Intel employees served as community volunteer role models.



Costa Rica. Employees volunteered with the Costa Rican Sport and Recreation Institute to clean up Sabana Park, an important metropolitan recreation area. With the help of 45 fifth-grade students from Belen elementary schools, the volunteers swept the streets and boulevard; collected waste; raked leaves in green areas; and painted benches, picnic

tables and playing fields. Intel also donated 15 heavy-duty garbage receptacles.

Israel. Intel worked with the Ministry of the Environment to release "Treasures of the Environment," an innovative project designed for thousands of children throughout Israel. Students take a fascinating interactive journey to discover environmental treasures in Israel. The interactive program is designed to harness digital technology while increasing environmental awareness. With the aid of clues posted online by Intel, classes seek to solve riddles based on local environmental "treasures."

At the inauguration of the project in Jerusalem, Director General of the Environment Ministry, Dr. Miriam Haran, stated, "This unique project upgrades the link between the business sector and the community in the area of environmental education. Intel should be congratulated for this initiative, and I hope that other business enterprises begin to adopt a similar model of cooperation."

Russia. In June, employees of Intel's R&D center in St. Petersburg, Russia joined the volunteer charity organization Friends of Gatchina Park to help preserve the largest park in the region. Along with several other teams, Intel volunteers installed a watering system, collected garbage, and chopped down dry trees and bushes.

United States. More than 2,400 volunteers contributed their time to help make the ninth annual Intel-SOLV (Stop Oregon Litter and Vandalism) Clean and Green Project a great success. The event took place in October at 57 locations throughout Washington County, including several Service Learning projects at area schools. Volunteers planted approximately 8,000 trees, shrubs, and bulbs in parks, wetlands and public spaces; repaired trails; and filled drop boxes with more than 130,000 pounds of garbage and

Intel Chengdu Helps Save the Moon Bear



In April, a benefit event organized by Animals Asia Foundation (AAF) was held to raise funds for rescuing the Moon Bear, also known as "Black Bear" in Chinese. Intel became one of the biggest sponsors through donations made by Intel China employees. A mixed group of seven big companies and organizations in Chengdu also participated in the fundraiser.

The China Bear Rescue Centre was founded following the signing of an unprecedented agreement with Chinese authorities in July 2004. The sanctuary, which was established north of Chengdu, is home to this unique project, not only in China but also in Asia. Since October 2000, more than 184 bears were released into the care of AAF at Moon Bear Rescue Centre in Sichuan. Many local and foreign media agencies have become interested in the center, which has attracted worldwide attention. For more information, visit the [Animals Asia Foundation](http://www.animalsasia.org) web site.

invasive plants removed from green spaces. In addition, 11,652 pounds of computer components were brought to Staples* stores for recycling.

Intel's New Mexico site teamed up with the New Mexico Recycle Coalition for the third annual Electronic Recycle event held in August. The program provided area residents with the opportunity to safely and responsibly discard used electronic equipment in a way that is beneficial to the environment. More than 94,000 pounds of computers, fax machines, televisions and other electronics were collected and recycled in an environmentally safe manner. Approximately 600 vehicles representing Bernalillo, Sandoval, Santa Fe, Cibola, Socorro, McKinley, Valencia and Curry counties participated in the event in 2005.

Intel Technology and Expertise in Our Communities

In the hands of imaginative and inspired individuals, organizations and communities, Intel technology and our employees' know-how can change people's lives. The following are examples of how Intel people and technological innovation came together to address community challenges in 2005.

Digital Inclusion

Governments worldwide recognize the pressing need to connect citizens and businesses with technology to improve national competitiveness, spur economic vigor, and build a knowledgeable, productive workforce. Intel has played a role in these efforts around the world.

In many countries, [Intel's government-assisted PC programs](#) (GAPPs) bridge the technology divide. Our involvement in these efforts focus on three areas: citizen purchasing programs, education, and small and midsize businesses. Successful GAPPs inspire citizens to bring technology home by providing incentives such as tax rebates, subsidies and tariff reductions.

One of the more popular citizen purchasing programs is the United Kingdom's Home Computing Initiative, launched in 1999, in which employers can loan computer equipment to employees tax-free. In Italy, a rebate on PCs prompted 40,000 purchases, and in Brazil a Linux*-based PC Conectado program offers tax rebates.

In the Philippines, education is as much a hurdle as affordability. A program launched by Intel and President Gloria Macapagal Arroyo made it easier to buy a computer and provided a PC platform tailored to the needs of the Philippine population, as well as an education and awareness campaign.

Community PC



Intel has developed a [Community PC](#) to meet the requirements of rural and farming communities in China, India and developing geographies around the world. Designed to provide Internet access in rural and remote areas, the Community PC program currently has 10 pilot locations in India.

For areas where electricity supply is sporadic, the Community PC can function using a car battery as its back-up energy supply. The computer also contains special screens and filters to reduce the amount of dust and insects that can enter the case and affect reliability. The computer can handle extreme heat conditions—more than 38 degrees Celsius (100 degrees Fahrenheit).

Farmer PC



In 2005, Intel introduced the Farmer PC in China. This computer, designed to meet the needs of agrarian-based communities, shipped to 500 families in July. These inexpensive Linux-based machines, equipped with lower end Intel processors and priced at about \$350, operate with home-appliance simplicity and offer online access to agricultural market data as well as planting and cultivation tips. The Chinese government views the Farmer PC as a way to increase the productivity of its workforce and reduce the technology gap between city and country.

Stakeholder Editorials

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

"[Intel] is to be commended on [the] hard work and dedication to helping smaller towns utilize technology more efficiently for the benefit of our citizens."

IT manager

Corvallis, Oregon, U.S.

"Universiti Sains Malaysia [USM] is the first Malaysian university to benefit from Intel's Mobile Initiative for Learning in Education, a program for accelerated adoption of mobile computing and wireless technology. Thank you to Intel Public Affairs, the initiator and integrator."

**Professor Datuk
Dzukilfri Abdul Razak**
Vice Chancellor, USM

"This is not a complex, cold machine, but a lively information application system to us," says Yushan Zhang. Zhang is a farmer who tends row crops outside his home and also runs a small family hotel in Hexi Village outside Beijing. Zhang, the first purchaser of the Farmer PC, says he uses his computer for light accounting and allows his children to use it for homework and games.

Education

Education plays a primary role in our digital inclusion efforts. In India, we are working with the National Institute of Information Technology (NIIT), India's largest computer education services provider, to expand its K-12 initiative. The program reaches more than 1 million students, and by 2010, it will reach over 10 million students in 30,000 schools. As part of our involvement, the Intel Solutions Group will work with NIIT to increase access to technology in villages, support wireless deployment in school districts and introduce technology-assisted learning in schools. In addition to our strategic relationship, Intel Capital entered a first-of-its-kind deal with NIIT—a \$10 million strategic investment to help NIIT build and operate high-tech IT infrastructure in government schools.

France recently unwired each of its 88 universities. Students got free broadband wireless, and the campaign also offered a creative financing deal for purchasing laptops—students could own their own for "the price of a cup of coffee per day." Within nine months, laptop ownership doubled, from 8% to 16%. Working with Intel, financial institutions and key original equipment manufacturers, the French government gave students incentives to invest in notebook PCs.

In the United States, we awarded a \$57,720 grant to the Nashoba Regional School District in Massachusetts to provide math teachers with 20 wireless tablet computers and six classroom projectors. Now, instead of spending time writing problems on blackboards with their backs to the class, teachers can do the work on their computers ahead of time, annotate it during class, and wirelessly beam the information to the classroom projector.

Need-Based Solutions

As part of our digital inclusion efforts, we have collaborated with a number of organizations to develop need-based solutions for communities around the world. These solutions include the following:

Navajo Initiative. In cooperation with the Center for Economic Self-Reliance at Brigham Young University and the Navajo Trust (Developing Innovations in Navajo Education, Inc.), we are working with Navajo farmers to help them use computing technology and Internet access to battle conditions of poverty, unfavorable geography, changing government policies and years of isolation.

The Navajo Trust obtained a grant from the U.S. Department of Agriculture to provide laptop computers to an initial group of 50 at-risk farmers. Using the Navajo Nation's satellite-based wireless network and Intel® Centrino® mobile technology-based laptops, these farmers now have access to the Internet. A home page provides them with resources to improve their farming and ranching by accessing the latest agronomic knowledge. They can also find ways to improve their crop yields while preserving their cultural heritage and traditional farming practices. The computers contain pre-loaded software that allows farmers and ranchers to better track their agricultural assets and make investment decisions.

One key initial finding of this multi-year project is that the power of advanced technology becomes more pronounced when individual users have pre-existing knowledge of both agriculture and technology. To date, one of the most successful program elements has been putting computers in the hands of local farm service agents, who use these tools to help other Navajos improve their productivity and standard of living.

Bringing Internet Access to the Underserved. Intel and six other technology companies participated in a two-year project to bring Internet access to low-income families in developing countries. The project, developed through a consortium called IT Access for Everyone, launched at the January 2004 annual World Economic Forum. Since that time, the consortium, which includes AMD, Cisco Systems, Dell, Philips Electronics and others, has set out to discover how best to deliver Internet access in areas with large numbers of low-income residents.

Market research in the favelas of Sao Paulo, Brazil showed that the population needed “specific value offerings” over the Internet—such as education, job seeking, training for a better job and health-related services—more than they needed a low-cost device. As part of the business model, consortium members agreed to set up a pilot Internet job search and training venture in Sao Paulo, funded by both government and private entities and managed by a third party, Camila and Centro Social Nossa Senhora das Graças. As part of the pilot, citizens were offered job searching and placement training.

Small and Midsize Businesses

Small and midsize businesses play an important economic role in many countries, often accounting for half of a country's gross domestic product and employing up to 90% of its workforce. To help small and midsize businesses advance and compete, Intel has teamed up with governments and the local industry to provide IT awareness, tangible solutions and financing.

Intel collaborated with the Ministry of Economy and Industry in San Jose, Costa Rica to develop a comprehensive effort to promote information and communications technology (ICT) adoption by small and midsize businesses throughout the country. Attractive financing, training and technical support, and hardware and software discounts were offered to 30 selected companies as part of a program of “digital makeovers” to show how ICT adoption helped improve business plan execution.

In Malaysia, Intel worked with Maybank, the country's largest bank, as well as local Internet service provider TM Net and other ecosystem providers, to educate business owners about available technologies, provide end-to-end solutions, and offer a flexible financing plan.

Digital Healthcare



In conjunction with the efforts of our new industry-focused Digital Health Group, Intel has made a commitment to help bring computing technology to healthcare through our community relationships.

In China, we joined hands with Cisco, HP and Tianjian (China's number one hospital information management system provider) to establish an integrated WLAN-based mobile clinical care solution in July 2005. This effort, aligned with the China Ministry of Health's vision for digital hospitals, provides wireless-enabled tablet PCs that allow doctors to prescribe medicine and transfer information to and from patients' charts while on rounds. Nurses now use wireless-enabled PDAs to easily update records to include patients' responses to treatment, vital signs and medications that have been dispensed at any point on the continuum of care.

In India, current healthcare resources offer one hospital bed for every 1,300 citizens and one doctor for every 15,500 people. For the 600 million villagers, travel to clinics can prove impossible. To address the needs of these people, Intel India is helping to set up village resource centers where telemedicine can bridge the gap between patient and doctor. The Indian Space Resource Organization will provide communications to the centers via satellite. Intel is providing desktops, laptops and other infrastructure. Amitra, an educational institute devoted to community development, will set up, develop and host the resource

centers. The team installed 25 centers during phase one of the project in 2005, with a long-term goal of supporting 6,000 villages.

Intel Community Solutions

[Intel Community Solutions](#), a unique worldwide effort of Intel Public Affairs, is committed to promoting positive social change through the innovative and wise use of technology. This initiative mirrors many of the broader digital inclusion efforts but relies on the strong relationships we build and maintain in our site communities around the world. Community Solutions projects involve specific technology solutions crafted to solve unique community challenges. These solutions often serve as early proofs of concept for later expansion. In 2005, Community Solutions projects attracted more than \$40 million of investment in Intel technology that also helped address local community challenges.

Intel Community Solutions programs in 2005 included the following:

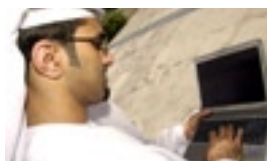


Real-Time Traffic Information for Philippine Commuters. Timely information on traffic snarls, road accidents and everyday congestion is just a keystroke or click away for commuters in Cavite, Philippines, thanks to the Cavite Traffic Information System (CTIS). A collaboration between Intel, local technology firms and the provincial government, CTIS provides commuters with traffic-related public service announcements online and through cell phone-based Short Message Service subscription.

Wireless Mobility for Israeli Parliament. Visitors, members of parliament and the media can access Internet-based resources using a new wireless system that Intel installed in Israel's parliament building, the Knesset. We initiated the project and supplied the WiFi equipment that affords wireless connections. Intel IT personnel provided consulting services to the Knesset's computer unit. In the final stages of the project, additional sections of the Knesset building and its new extension will become wireless. The project is expected to help students, tourists and other visitors have a richer experience while visiting this historic government facility.

Support for Small and Midsize Business Initiatives in the U.S. In Chandler, Arizona and Hillsboro, Oregon, Community Solutions worked with other Intel business groups to install and launch technology centers in local chambers of commerce. The project is designed to help small businesses discover the latest technology so they can be more profitable.

Middle East Initiative



One large-scale example of our innovative approach of applying technology and collaboration to community technology challenges is our Digital Transformation Initiative for the Middle East, launched in 2005. This comprehensive, multi-year program expands Intel's economic, educational, community and technology-related support throughout the region. The program is part of our long-term strategy to provide educational opportunities, job creation and critical IT support to local businesses and organizations to help stimulate the IT market and economic development throughout the Middle East. Program elements include the following:

Intel Engineering Excellence Program. Provides scholarships to outstanding engineering students from Egypt, Jordan and Turkey in technology-related fields at top universities in the region.

Intel Capital Middle East and Turkey Fund. This \$50 million venture capital fund stimulates innovation by investing in technology companies that are developing innovative hardware, software and services in the Middle East and Turkey.

Intel Information Technology Center of Excellence in Gaza. This collaboration between Intel and American Near East Refugee Aid (ANERA) will expand employment opportunities, provide critical IT support for local businesses and organizations, help stimulate the IT market and provide new opportunities for Palestinian women to bridge the IT gender divide.

Software Development Center in Egypt. This Cairo center supports Intel's Software Network activities in the region.

Intel Software College in the Middle East. This is the first college in the Middle East to provide training to software developers using leading-edge Intel platforms, tools and technologies.

Intel® Teach to the Future in Egypt, Jordan and Turkey. This program has trained more than 55,000 teachers and improved the classroom experiences of approximately 2 million students in the region. To support these efforts, Intel has donated computer labs.

Intel® Computer Clubhouses in Amman and Ramallah. Computer Clubhouses provide an opportunity for youth in underprivileged neighborhoods to interact with each other, be mentored by young adults from the community, and develop information and communication technology skills.

Government-Assisted Purchase Programs in Egypt, Morocco, Saudi Arabia and Turkey. We work closely with governments to put computers within the reach of families, small businesses, institutions and other users by providing financing and training.

Wireless in the Middle East. Intel helped launch the first wireless cafes, hotel, campuses, airport and mall in the region.

Platform Definition Center in Egypt. We set up this center in Cairo to study computer usage models and develop platforms that correspond specifically to the needs of regional customers.

Stakeholder Editorial

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

"ANERA is proud to be working with Intel, a technology leader and the first major U.S. corporation to take a positive step toward Gaza's educational and economic development. The opportunities created by the Intel IT Center of Excellence will benefit the local Palestinian economy as well as the broader Middle East IT industry by producing thousands of new IT professionals and stimulating job creation. The best way to sustain peace in the region is to give people a sense of hope for the future, which means offering dignity, freedom and an opportunity to improve one's life. This Center is fulfilling those needs with professional IT jobs in the difficult Gaza environment. It signals progress and fosters hope."

Dr. Peter Gubser
President, ANERA

Energy Competency Center in United Arab Emirates. Powerful computing technology hosted by the Higher Colleges of Technology in Abu Dhabi helps petroleum geophysicists, geologists and reservoir engineers locate and extract hydrocarbons.

Finance Competency Center in Lebanon. A collaboration between Intel, HP, Microsoft and the American University of Beirut, this center helps students, software developers and engineers develop applications tailored to the needs of financial services institutions.

Disaster Relief

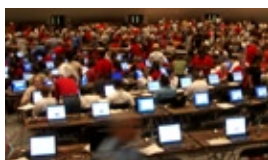
With cash contributions, employee volunteer hours and expertise, equipment and technology, Intel and our employees actively responded to many natural disasters that affected the world during 2005.

Tsunami in Southeast Asia. Following the devastation caused by the Southeast Asian tsunami in December 2004, Intel and more than 13,000 of our employees contributed more than \$4 million toward tsunami disaster relief. In addition to our financial contributions, we have provided technology support to Arkaduthurai in South India and Banda Aceh in Indonesia.

In India, we are helping to rebuild a school, start an Intel® Computer Clubhouse and support the creation of a vocational center. Our work in Banda Aceh involves helping to reconnect this area to the rest of the world. Using wireless networking technology, we created a large broadband “umbrella” covering approximately 600 square miles that lets humanitarian and disaster relief groups communicate with each other and the outside world. This and other Intel® technology donations make it possible for the many organizations offering disaster relief – such as the United Nations, the Red Crescent Society, Mercy Corps, and the World Food Bank – to reach the local population with the help they need.

Hurricane Katrina in the U.S. In the wake of Hurricane Katrina, Intel mobilized financial resources, technical expertise and equipment. Immediately following the disaster, the Intel Foundation made a \$1 million donation to the American Red Cross and announced that it would match employee contributions. The total Intel cash contribution, including employee donations and Intel matching contributions, totaled \$4.3 million.

In typical fashion, Intel employees responded to the tragedy with strong support and dedication. Within two days of the hurricane, a team of Intel technical experts was embedded at Red Cross headquarters in Washington, D.C. to help the organization develop a plan for using information technology in disaster recovery and relief efforts. Hundreds of other Intel employees volunteered to be dispersed throughout the region.



As a result of Intel's involvement, we immediately recognized an opportunity to help the Red Cross more effectively get the region and victims of Hurricane Katrina back on their feet. Intel led an effort to donate approximately 3,000 laptop computers to the American Red Cross for use in call centers, emergency efforts and shelters. More than 1,500 of the laptops came directly from Intel inventory for its own employees, and Intel also coordinated donations from technology companies that included Cisco, HP, Lenovo, Toshiba and AT&T, among others. These systems as well as the technical support provided by hundreds of Intel employees helped Katrina victims reach families, access emergency funds, and search for jobs and permanent shelter. At the Houston Convention Center, volunteers on 50 laptops processed case forms for 4,400 families in 2.5 days. At the Houston Astrodome, volunteers with 350 laptops processed case forms for 3,000 families in roughly four hours.

In addition to PCs, Intel donated 150 wireless Internet access points and helped establish wireless networking connectivity in locations throughout the Gulf Coast, including Biloxi, Mississippi and Baton Rouge, Louisiana. Working with the Red Cross, the federal government and local emergency responders, Intel volunteers, along with volunteers from other technology companies, managed the configuration, distribution and installation of computing resources. By re-establishing connectivity and communications, families and businesses were able to begin simple tasks such as verifying bank account funds, filing

A Note from the Red Cross

Sometimes words like “thank you” and “grateful” are not enough. This is one of those times. Intel Corporation's many levels of sustained support to our Hurricane Katrina relief efforts are an impressive example of corporate compassion and successful philanthropic partnerships for humanitarian relief. Even under extremely difficult circumstances, Intel employees demonstrated kindness, skill and concern. It is something that is frequently spoken of by Red Cross employees.



Jack McGuire
President and CEO
American Red Cross

insurance claims and, ultimately, rebuilding. Intel's Digital Health Group worked with the U.S. Department of Veterans Affairs to set up nine mobile hospitals along the Gulf Coast. The total Intel contribution amounted to more than \$11 million, including cash and in-kind donations of technology and technical support.

Intel Oregon acted quickly to help those displaced by Hurricane Katrina. Within hours of learning that 1,000 people would be coming to a shelter in Portland, Intel volunteers worked around the clock to set up a computer center with 25 new Dell desktop PCs for use by the American Red Cross and shelter residents at the former Washington-Monroe High School. The center helped the displaced stay in touch with family and friends, access educational materials and connect with the world around them. It also served as a resource for local Red Cross officials.

Earthquake in Pakistan. The Intel Foundation matched employee donations for humanitarian and disaster relief in the wake of October's massive earthquake in Pakistan. The Intel Foundation also made a \$1 million direct donation, split between Mercy Corps and Red Crescent. Wendy Hawkins from the Intel Foundation said, "Time and again, Intel employees have stepped forward to help. Their generosity and that of Intel Corporation and Intel Foundation are truly making a difference."

Hurricane Stan in Mexico and Central America. The Intel Foundation also matched employee donations to relief efforts after Hurricane Stan. The hurricane caused flooding and mudslides in parts of southern Mexico and Central America, killed more than 200 people and displaced thousands of residents in the region.

Community Giving

We are committed to playing an important role in our communities around the world. Through the Intel Foundation and employee giving, we strive to address local needs and leverage our business expertise. Whether through supporting local classrooms, assisting national curriculum development or revitalizing local neighborhoods, examples can be found throughout this report.

As an organization we are deeply committed to preparing today's students, especially young women and other under-represented populations, for careers in engineering and technology. This is an issue of concern for the company's long-term success as well as society at large. As a result, we have centered our philanthropic efforts on improving math and science teaching and learning, enhancing the quality and appeal of engineering and computer science education for young people, and ensuring that we have well-trained teachers and educators who can inspire students through effective use of technology.

In addition to our efforts in the community and in support of education, Intel responded to an unprecedented series of tragic events around the world in 2005. Through a combination of direct grants and matching gifts, the Intel Foundation donated a total of \$6.9 million through Mercy Corps and the Red Cross/Red Crescent to help those touched by disaster. Contributions included \$2.9 million in Intel Foundation grants, which provided functioning schools and psychological counseling for children traumatized by the tsunami in Banda Aceh. Another \$2.6 million sheltered evacuees from New Orleans. And \$1.4 million is bringing medical care to victims of the earthquake in Kashmir. In addition, Intel employees responded to these events with great generosity, contributing \$1.8 million toward tsunami relief, \$1.6 million to help the victims of Hurricane Katrina and \$475,000 for those affected by the earthquake in Pakistan.

Topping Previous Records

Despite this outpouring of support globally, Intel employees went on to top all previous local giving records, donating more than \$5.9 million to their communities and triggering Intel Foundation matching grants of a like amount to the Community Giving Campaign via local United Way chapters.

In 2005, for the first time, Intel employees outside the U.S. were also able to expand the impact of their volunteer efforts at local schools through the Intel Volunteer Matching Grant Program (VMGP). Grants from this program totaled \$2.1 million in 2005 and generated such strong results in the Philippines and Israel that the program will be extended to China, Costa Rica, India, Ireland and Malaysia in 2006. During the 2004-2005 school year, more than 10,000 hours of work contributed by Intel volunteers in the VMGP sent \$2.1 million to their local schools and Intel® Computer Clubhouses.

Combined corporate and Intel Foundation giving totaled more than \$110 million in 2005.

Total	\$110,606,684
Disaster	\$9,894,481
Tsunami in Southeast Asia	\$2,637,402
Hurricane Katrina in U.S.	\$5,765,592
Earthquake in Pakistan	\$1,475,744
Hurricane Stan in Mexico and Central America	\$15,743

Intel Volunteer Matching Grant Program



Under the Volunteer Matching Grant Program, for every 20 hours that Intel employees and retirees volunteer at a school or Computer Clubhouse, the Intel Foundation makes a donation to that school or Computer Clubhouse. Intel employees and retirees report volunteer hours throughout the school year, and the Intel Foundation grants funds once a year.

Corporate Giving Summary

	Total cash gifts (including direct & Intel Foundation) U.S.	Cost value of total in-kind giving (products & services) U.S.	Value of cash gifts to programs or organizations that primarily benefit minori- ties U.S.	Cost to com- pany of in-kind giving (products & services) to programs or orga- nizations that primarily benefit minorities U.S.	Value of cash gifts to programs or organizations that primarily benefit women U.S.	Cost to com- pany of in-kind giving (products & services) to programs or orga- nizations that primarily benefit women U.S.
2003	\$48,292,372	\$13,254,726	\$5,339,819	\$536,301	\$1,251,805	\$21,000
2004	\$46,330,472	\$16,211,487	\$6,689,987	\$863,284	\$667,540	\$7,915
2005	\$56,476,920	\$15,881,303	\$6,497,979	\$559,560	\$1,523,872	\$3,332
	Total cash donations outside U.S.	Total equipment grants outside U.S.				
2003	\$19,807,468	\$1,726,645				
2004	\$25,755,227	\$1,280,873				
2005	\$28,091,579	\$1,572,139				
Total 2004	\$72,085,699	\$17,492,360	\$6,689,987	\$863,284	\$667,540	\$7,915
Total 2005	\$84,568,499	\$17,453,442	\$6,497,979	\$559,560	\$1,523,872	\$3,332



Clear About Our Business

Intel Values help guide our actions in all areas.

Our Business

Focus on Platforms

Intel is the world's largest semiconductor chipmaker, developing advanced integrated digital technology platforms for the computing and communications industries. In January 2005, we made an important shift in our business perspective from a focus on microprocessors to become a platform company. Intel no longer provides just the "brains inside the PC." We now develop advanced solutions that integrate Intel® processors and other technologies in ways that optimize how all of the elements work together to meet our customers' needs.



This broader focus builds on our silicon expertise while expanding its impact. Intel platforms help to deliver more compelling user experiences by incorporating hardware, software and services. Our platform approach, driven by user needs, is fundamental to taking computing to the next level—a rich personalized experience through a pervasive and intelligent compute environment.

Our customers include:

- **Original equipment manufacturers (OEMs) and original design manufacturers (ODMs)** who make computer systems, cellular handsets and handheld computing devices, and telecommunications and networking communications equipment
- **PC and network communications products users** (including individuals, large and small businesses, and service providers) who buy PC components and board-level products, as well as Intel's networking and communications products, through distributor, reseller, retail and OEM channels throughout the world
- **Other manufacturers**, including makers of a wide range of industrial and communications equipment

Reinvigorating the Intel® Brand

In 2005, we also took a fresh look at the Intel brand, which is consistently ranked as one of the most recognizable and valuable brands in the world. In January 2006, we launched a redesigned logo and a new tagline: **Intel. Leap ahead.™** Our new tagline reflects our commitment to find and help drive the next leap forward—in technology, education, culture, corporate responsibility, manufacturing, environment and more—to challenge the status quo and deliver technologies that make life better, richer and more convenient for everyone. As we commit ourselves to this ideal, we recognize how corporate responsibility is directly involved in helping us keep this promise.

For more information on our new brand strategies and on solutions, innovations, industry leadership and corporate citizenship, visit [The Next Intel Revolution](http://TheNextIntelRevolution.com) web site.



2005 Highlights

In 2005, we:

- Began implementing Electronics Industry Code of Conduct (EICC) standards into our supply-chain management process
- Took a leading role in a broad-based consortium of organizations in the U.S. to help ensure the availability of highly skilled talent
- Chaired a business coalition to help pass the Dominican Republic and Central America Free Trade Agreement (CAFTA)
- Provided 97% of Intel employees with basic and refresher Business Practice Excellence (BPX) training
- Administered the most comprehensive organizational health survey in our history

Organizational Profile

With our new focus on designing and delivering technology platforms, we reorganized our operating segments to better serve our customers. The new operating segments include the Digital Enterprise Group, the Mobility Group, the Digital Home Group, the Digital Health Group, the Flash Memory Group and the Channel Platforms Group.

- The **Digital Enterprise Group** delivers platform solutions for desktop computing, communications infrastructure and wired connectivity.
- The **Mobility Group** addresses customer needs related to notebook computing, wireless connectivity and wireless communications.
- The **Digital Home Group** provides solutions for consumer electronics applications, such as digital televisions, video recorders and set-top boxes.
- The **Digital Health Group** focuses on developing solutions and exploring global business opportunities in healthcare research, diagnostics and productivity, as well as personal healthcare.
- The **Flash Memory Group** creates NOR flash memory products designed for cellular phones and embedded form factors. In 2006, this group will also offer NAND flash memory products for MP3 players, flash memory cards and other applications.
- The **Channel Platforms Group** was established to expand our worldwide presence and success in global markets by accelerating growth in distribution channels and developing localized solutions.

Manufacturing and Assembly and Test

As of year-end 2005, approximately 77% of our wafer manufacturing, including microprocessors, chipsets, NOR flash memory and communications silicon fabrication, was conducted within the U.S. at our facilities in New Mexico, Oregon, Arizona, Massachusetts, Colorado and California. Outside the U.S., approximately 23% of our wafer manufacturing, including microprocessors, chipsets, NOR flash memory and networking silicon, was conducted at our facilities in Ireland and Israel.

As of December 2005, we manufactured our products in the wafer fabrication facilities described in the following table:

Products	Wafer Size	Process Technology	Locations
Microprocessors	300mm	65nm	Arizona, Oregon, Ireland
Microprocessors and chipsets	300mm	90nm	New Mexico, Oregon, Ireland
NOR flash memory	200mm	90nm	California, Israel
Chipsets, NOR flash memory and other products	200mm	130nm	New Mexico, Oregon, Arizona, Massachusetts, Ireland, Colorado, California
Chipsets and other products	200mm	180nm, 250nm, 350nm	Ireland, Israel, Colorado

Intel Platforms



Examples of our new platform approach.

As of year-end 2005, the majority of our microprocessors were manufactured on 300mm wafers using our 90-nanometer process technology. We also began production of our dual-core microprocessors using our industry-leading 65-nanometer process technology. This is our most advanced high-volume production process. It offers higher performing microprocessors, as well as products that consume less power and cost less to manufacture.

To augment capacity in the U.S. and internationally, we use subcontractors (foundries) to manufacture wafers for certain components, including networking and communications products. We primarily use subcontractors to manufacture board-level products and systems. We also purchase certain communications networking products from external vendors, primarily in the Asia-Pacific region. Intel manufactures microprocessor- and networking-related board-level products primarily in Malaysia.

Following manufacture, the majority of our components are subject to assembly in several types of packaging, and then testing. We perform the majority of our components assembly and testing at Intel facilities in China, Costa Rica, Malaysia and the Philippines. To augment capacity, we use subcontractors to perform assembly of certain products, including flash memory, chipsets, and networking and communications products.

For all of our suppliers, we set expectations for performance related to business integrity and ethics, as well as environmental, health and safety compliance. We communicate our expectations regularly, reinforcing them with periodic assessments, and working with our suppliers to implement any necessary improvements. Our performance expectations are the same regardless of where our supplier and subcontractor operations are based. Our employment practices are consistent, at a minimum, with local country law, and we expect our suppliers and subcontractors to abide by those laws. In addition, we impose a minimum employee age requirement regardless of local allowances.

Research and Development

We continue to invest in world-class technology development, particularly in the design and manufacture of integrated circuits. Research and development (R&D) expenditures in 2005 amounted to \$5.1 billion (compared to \$4.8 billion in fiscal 2004 and \$4.4 billion in fiscal 2003). Additionally, we increased the number of our employees engaged in R&D to approximately 29,000 as of December 2005 compared to approximately 25,000 in December 2004.

Employees

As of December 31, 2005, we employed approximately 99,900 people worldwide, with more than 50% of these employees located in the U.S.

Worldwide Locations

Intel Sites with More Than 50 Employees		
Locations	Activities	Employees
Belgium	OS, SM	85
Brazil	OS, SM	145
China		
Beijing	R, SD, SM	470
Chengdu	A	560
Hong Kong	OS, SM	250
Pudong/Shanghai	A, C, SD, SM	5,100
Shenzhen	SM	260
Taiwan	OS, SM	450
Costa Rica	A	3,000
Denmark	A, C	100
France	C, OS, SM	115
Germany		
Braunschweig	C	90
Munich	SD, SM	280
India	OS, R, SD, SM	3,000
Ireland		
Leixlip	F, OS, SD, SM	4,300
Shannon	SD	150
Israel		
Haifa	C, OS, R, SD	2,500
Jerusalem	F	600
Lachish	F	2,750
Petach-Tikva	C	930
Japan		
Tokyo	SD, SM	315
Tsukuba	R, SM	260
Korea	OS, SM	120
Malaysia		
Kulim	A, L, SM, SY	3,300
Penang	A, L, R	7,300
Mexico	C, OS, SM	250
Netherlands	L	200
Philippines	A, C, L, R, SM	6,000
Poland	OS, SM	300
Russia		
Moscow	R, SD, SM	450
Nizhny-Novgorod	R, SD	400
Novosibirsk	SD	215
Sarov	SD	125
St. Petersburg	SD	100
Singapore	OS, SM	260
United Kingdom	R, SM	960

Intel Sites with More Than 50 Employees

Locations	Activities	Employees
United States		
Arizona	A, F, OS, R, SM	10,700
California		
Folsom	C, OS, R, SD, SM	6,800
Fremont	C, R	400
Irvine	C, R	80
San Diego	C, R, SM	200
Santa Clara	C, F, OS, R, SM	6,500
Colorado	F, R	1,500
Illinois	R, SD	75
Massachusetts	C, F, R, SD	2,300
New Hampshire	SD	70
New Jersey	C	650
New Mexico	F, OS, R	5,250
New York	C	70
North Carolina	C, R	60
Oregon	C, F, L, OS, R, SD, SM	16,400
South Carolina	C, R	190
Texas	C, R	715
Utah	OS	300
Virginia	OS	50
Washington	OS, R, SD	1,250

Key: **A** Assembly & test **C** Communications **F** Fabrication **L** Logistics **OS** Other support
R Research & development **SD** Software design **SM** Sales & marketing **SY** Systems manufacturing

Economic Performance

We concluded 2005 with record revenue of \$38.8 billion, up 13.5% from 2004—outpacing the industry and extending our position as the world’s largest semiconductor company. We are seeing the benefits of our investments in new products, emerging markets and advanced silicon capacity, as marked by our third consecutive year of double-digit revenue growth. Our operating profit of \$12.1 billion was the best in Intel’s history. Net income for 2005 was \$8.7 billion, up 15% from 2004. At the same time, our cash dividend payout reached a new high of \$2.0 billion, and we announced a 25% increase in our cash dividend beginning in the first quarter of 2006. We also used \$10.6 billion to repurchase a record 418 million shares of common stock.

Although our financial results were not as strong in the last month of the year as we had forecasted, we remain optimistic about the future. As we look ahead, we believe that our business strategy and our lineup of compelling product offerings position us well for continued growth.

In 2005, for the first time in history, more than 200 million PCs were sold worldwide in a single year. Shipments of PCs grew by approximately 16% in 2005, the third consecutive year of double-digit growth.

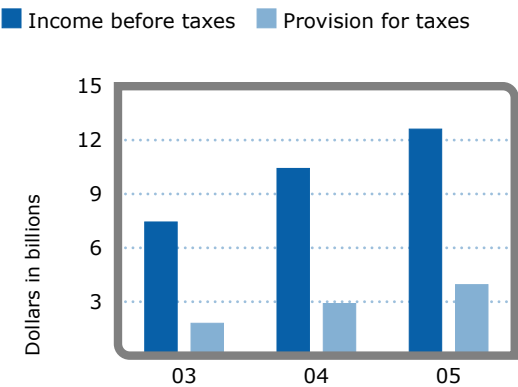
Intel continues to benefit from this growth, especially in the mobility segment and in emerging markets just beginning to embrace technology. We are also optimistic about future growth as users continue to discover new ways to use Intel technology, such as Intel® Viiv™ technology, which is helping transform the way people enjoy entertainment in the digital home.

In addition, we are focused on opportunities through new customer relationships. We are pleased that Apple Computer introduced its first MacBook Pro* laptop and iMac* desktop computers based on the Intel® Core™ Duo processor in early 2006. Also, Research In Motion announced that it will use Intel XScale® architecture-based cellular processors for its next-generation BlackBerry* handheld communications devices.

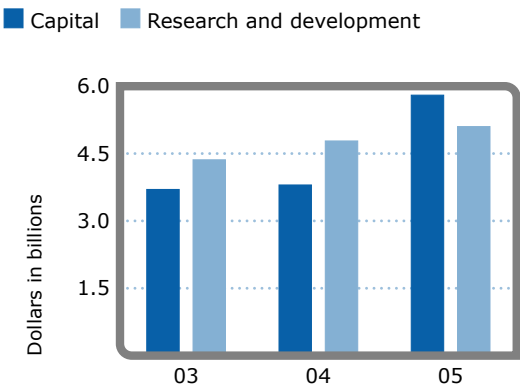
Our investments in Intel’s manufacturing network have enabled us to take advantage of growth opportunities. In 2005 alone, we spent \$5.8 billion in capital investments. Because of our continuing commitment to investments in capacity, Intel’s manufacturing network is now unmatched in scope and scale in our industry.

Review [Intel’s 2005 Annual Report and 10-K](#).

Income Before Taxes & Provision for Taxes

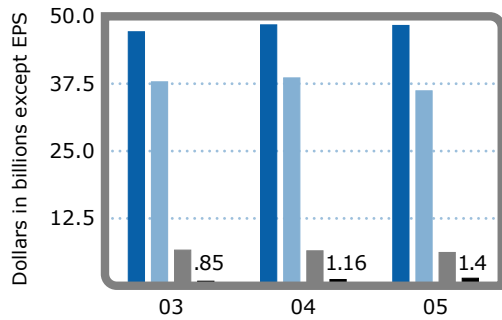


Capital and R&D Expenditures



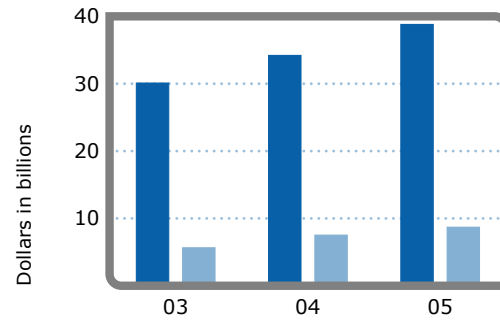
Assets & Capitalization—Year End

■ Total assets ■ Stockholders' equity
■ Weighted average diluted shares outstanding
■ Diluted earnings per share (EPS)

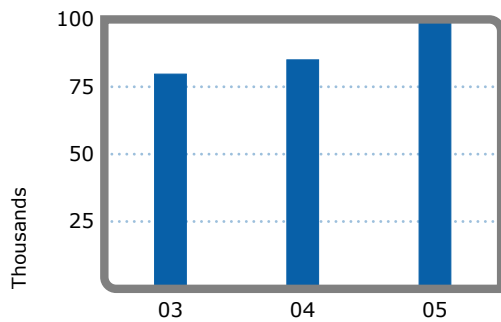


Revenue & Net Income

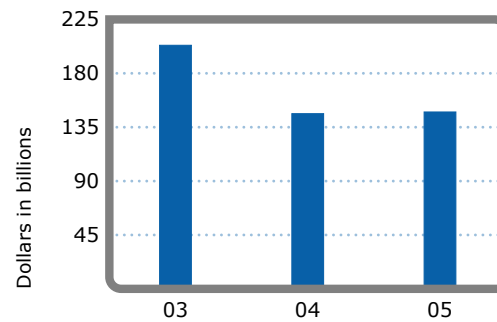
■ Revenue ■ Net income



Employees Worldwide—Year End

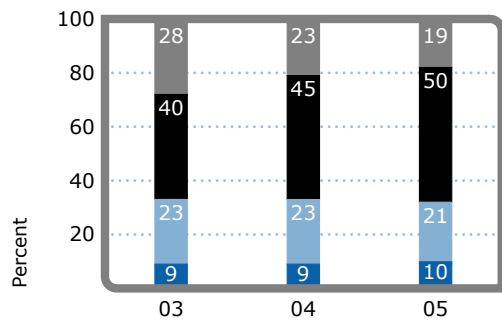


Market Capitalization—Year End



Geographic Breakdown of Revenue

■ Japan ■ Europe ■ Asia-Pacific ■ Americas



Stakeholder Engagement

We derive value from our diverse stakeholders and maintain formal management systems to engage with, listen to and learn from them.

In 2005, we also held formal feedback sessions with a broad cross-section of our stakeholders – from academia, labor, socially responsible investors, employees and community non-governmental organizations (NGOs). Sessions focused on our 2004 Global Citizenship Report and included discussions about:

- The report's fairness, balance, transparency and comprehensiveness
- Relevance of the topics included
- Strengths and areas for improvement
- Missing or under-reported content

We learned much during these sessions that helped us improve this year's report. Some of their comments appear in the box on this page. As a result of these interactions, we better defined what corporate responsibility means to Intel, transitioned content to the web, and published a smaller, more focused printed report.

Community Stakeholders

Intel sites worldwide proactively engage our stakeholders in a variety of ways. How we elicit, track and incorporate feedback from our communities – government, academic, neighbors and nonprofits/NGOs – is becoming increasingly important in gauging our corporate responsibility. Community Advisory Panels, community perception surveys and community leader audits are some of the formal tools that we use to assess how we are doing and to seek input on our community outreach efforts and operations. But there are many other ways that we elicit feedback from our local stakeholders.

In addition, we have come to understand the importance of tracking how we plan, develop and change our programs or operations to address the changing interests and needs of the community. Over the last two years, we have built internal systems to collect and better manage stakeholder input.

In 2005:

- 30% of major Intel sites conducted formal community perception surveys and demonstrated that they incorporated feedback into 2006 program planning.
- 100% of our major manufacturing and assembly and test sites (Oregon, Massachusetts, Colorado, Israel, Ireland, Malaysia, the Philippines, China-Chengdu, Arizona and New Mexico) have active Community Advisory Panels, which engage in providing feedback as well as counsel that have assisted in program design and delivery.
- 100% of the sites were able to provide examples of how stakeholder feedback was directly incorporated into site operations or community outreach program planning.

We have established an intranet-based tool for our sites so they can collect and track this information quarterly.

Stakeholder Editorials

As part of our engagement efforts, we invited our stakeholders to provide commentaries on our programs, performance and reporting. We have included the submissions in their relevant areas.

"The report is quite transparent."

Community NGO director

"I thought the report was heavily skewed toward the good."

University professor

"I would have preferred a bit more on executive compensation, and political donations could really be beefed up."

SRI analyst

"This is an excellent report, and I read a lot of them. I especially liked the performance summary."

SRI analyst

"You need more on supply-chain auditing."

Shareholder rights advocate

"I was disappointed about how little information was provided on labor practices."

Labor advocate

"I would like to see a really tight definition of how Intel defines CSR."

University professor

Government and Regulatory Stakeholders

One of our ongoing strategic efforts is to monitor emerging issues and listen to key stakeholders. They have indicated a growing expectation for transparency around activities that in some way affect political influence. In addition, discussions with social analysts and Intel stockholders revealed their desire for us to continue demonstrating reporting leadership by increasing our disclosure in this important area. We have expanded our reporting detail in this section for that reason.

Worldwide Policy Agenda

In working on policy topics worldwide, our goals are clear: to fully understand the various perspectives and educate legislators about the effects that planned regulations may have on our industry's business processes. Intel aspires to contribute constructively to the public policy debate on issues that affect our business, our customers and our employees. Our key areas of interest and engagement in the public policy arena include:



Innovation. Continuing innovation and creating the solutions that will improve our lives in the future depends on policies that promote basic, collaborative research and protect intellectual property. Intel spends almost \$5 billion annually on R&D but also relies on findings and discoveries from university-based research programs. Government support for these initiatives has been on the decline over the last three decades.

Working with like-minded companies, Intel elevated the competitiveness issue in public debate in the U.S. We were involved in the development of several reports on the issue, including those by the Task Force on Innovation, the Center for Strategic and International Studies, and a seminal report by the National Academies. Intel also worked on a CEO summit in Washington, D.C. in December and set up meetings for CEOs with Vice President Cheney and other top White House staff.

As a result of these efforts, Congress passed a substantial (approximately 4%) increase in funding for the National Science Foundation and resurrected a Department of Defense math/science education grant program. More importantly, the President and leaders in Congress have created comprehensive U.S. competitiveness proposals that Congress will consider during 2006.

Intellectual Property. As an innovator, Intel respects the rights of copyright holders to protect their content. We are deeply engaged in developing digital rights management solutions that enable creative industries to launch new digital content business models – and bring innovative and exciting experiences to consumers. To that end, Intel sought to control the spread of levies on IT and electronic products capable of storing data and to roll back existing levies that impact the sale of digital entertainment products. As a result, levy provisions were included in a Free Trade Agreement among five nations that promotes lowered or nonexistent tariffs in the top five trading nations. Levy proposals were also stopped, once again, in the Latin America region.

Broadband: Wired and Wireless. Most economic activity in the 21st century will depend on broadband communications and utilize the power of the Internet. The effective regulation and appropriation of radio spectrum is critical to spur the growth of new services and wireless broadband technologies. In the U.S., Intel and our industry colleagues were successful in persuading the Federal Communications Commission (FCC) to adopt broadband “connectivity principles” that set an agreed-upon foundation for broadband deployment in the U.S. Our goal was to promote broadband deployment and limited broadband regulation. As co-chair of the High Tech Broadband Coalition, Intel worked to pass legislation that would speed up the digital TV transition and free valuable spectrum for other uses. In Mexico, the Deputy Secretary of Communications endorsed an Intel position making the 5.7-GHz to 5.8-GHz spectrum available for use.



Workforce. Access to a talented workforce is key to continuing Intel's technology leadership and competitiveness. During 2005, we were an active member of a broad-based consortium designed to see that the U.S. has access to the highly skilled talent needed to keep us competitive in the 21st century. We advocated with members of Congress to increase

the number of H-1B visas because availability for fiscal year 2005–2006 halted two months before the year began. The Senate included provisions for a recapture of past unused visas and an imposition of fees during budget reconciliation, but the House voted against inclusion of the provisions in the new budget. This will continue to be a focus area for us in 2006.

Trade Policy and Market Access. Free movement of products, people and ideas is critical to continued innovation and deployment of new technologies. The markets, manufacturing, supply chain, R&D activities and workforce of the semiconductor industry are global in nature, making our work to proactively remove technical and non-technical barriers to trade increasingly important.

Further opening markets to technology products was a top priority for Intel in 2005. Intel chaired a business coalition to pass the Dominican Republic and Central America Free Trade Agreement (CAFTA), which will reduce tariffs and other barriers to the sale of IT products in the affected nations. The legislation was passed by Congress in July 2005 and signed into law by the President on August 2, 2005. In addition, Intel and the semiconductor industry worked with the U.S. Trade Representative to reach agreement among five countries and regions to reduce tariffs on Multi-Chip Packages.

As part of the Brazilian PC para Todos program, the government eliminated 10% in federal taxes for lower end PCs and followed that move by extending the cuts to lower cost laptops. Intel also supported successful efforts in Peru to reduce PC tariffs from 12% to 4%.

Legal Reform. Intel supported and worked with the U.S. Congress to enact an important Class Action Reform bill, which was passed and signed into law after a six-year effort. The House and Senate also held hearings on patent reform, an issue critical to the future of U.S. innovation and technology leadership. Intel advocated legislation that would impose rules on damages awarded. Additional progress on this issue is expected in 2006.

Digital Healthcare. With the coming "age wave" of baby-boomers, nations around the world anticipate challenges in caring for aging citizens. Intel believes that the integration of IT into the healthcare system will help to improve the quality of healthcare and reduce costs. To achieve that goal, Intel and others in the healthcare industry are calling for government leadership on healthcare issues and involvement in projects supporting digital healthcare.

Dr. Craig Barrett, Chairman of Intel, was selected to serve on the American Health Information Community (AHIC). The AHIC's mission is to advise the government on more efficient healthcare options and provide incentives for the adoption of health information technology. Intel has also joined with numerous other organizations to advocate funding for efforts to encourage interoperability and standards in the implementation of health information networks. One key success of this collaboration was \$61.7 million in funding for the Office of the National Coordinator for Health Information Technology. Additionally, through our advocacy with members of the telehealth community, an additional \$3 million in funding was secured for telemedicine projects to help extend healthcare to underserved communities.

Environment. In addition to our commitment to safety excellence and reducing our environmental footprint, Intel has taken a proactive approach to working with government agencies worldwide to craft environmental policy that advances sustainability while preserving our ability to operate and innovate.

In response to government initiatives worldwide, high-tech companies are now addressing the elimination of lead from electronic products. Europe and California already have legislated lead bans, with exemptions for some applications. Other jurisdictions are following suit, including China and the states of New Jersey and Washington in the U.S. Intel's approach has been to invest in developing lead-free technologies while working closely with governments to address applications for which lead-free technology is not yet available. We support harmonization to see that these requirements are implemented in a consistent manner globally.

Regulation of chemical production and use is also a growing issue. The European Union (EU), for example, is reworking its program for chemicals management under what is known as the REACH (Registration, Evaluation and Authorization of Chemicals) regulation. Intel has been working with other high-tech companies and our suppliers to encourage the EU to adopt risk-based approaches that promote the use of safe chemicals and recognize the industry's stringent management of chemicals—and, in turn, the low impacts to people and the environment. We have also been working with the EU Commission on pilot projects to test the practicality of chemical regulatory and implementation approaches to help REACH fulfill its aims of protecting human health and the environment.

Energy efficiency is also receiving increased attention from governments. In the U.S., the Environmental Protection Agency (EPA) is revising its Energy Star* specification for computers. We are working with the EPA, environmental groups and consultancies to promote the adoption of more energy-efficient PC power supplies. We have also been collaborating with the EPA to design a PC specification that achieves significant new energy-efficiency savings without compromising functionality. With other high-tech companies and the EU Commission, we have undertaken a pilot project to address energy and other environmental issues throughout the cell phone life cycle. This project is intended to inform the EU's implementation of its new Energy Using Products Directive.

Logistics and Transportation. Swift and efficient transportation of supplies and finished products is essential to the high-tech industry's ability to meet customer needs and marketplace demands. We work with the U.S. government to balance these needs with concerns about the vulnerability of the world's air-traffic system to terrorist attacks.

Although some support 100% inspection of all air freight loaded on passenger and/or dedicated air freight planes, those inspection rates in the current air-transport infrastructure could cripple the flow of commerce. Many risk management experts feel that a more appropriate approach is to risk-screen all cargo and physically inspect 100% of that portion of cargo that presents an identifiable risk. Intel and other high-tech companies have been working with Congress, the Department of Homeland Security and others to advocate a risk-based approach to cargo security that protects against terrorism while maintaining the vital flow of commerce.

Education. Intel has worked actively with the Department of Education and other associations to improve science and mathematics education in the U.S. These efforts have not yet produced new legislation or policies, but they have raised its profile in the national debate. This will continue to be a major focus for us in 2006.

Political Contributions

Intel Political Action Committee. We created the Intel Political Action Committee (IPAC) in 1980 to allow employees to support candidates whose legislative goals align with Intel's public policy priorities. An IPAC Steering Committee meets periodically to review and evaluate candidate requests.

U.S. congressional and state legislative candidates are eligible to receive IPAC contributions. We evaluate candidates based on their voting record on Intel's public policy priorities, support and concern for Intel

Values, and presence and engagement in Intel communities. The committee also considers individual Intel employee recommendations.

IPAC does not contribute to presidential campaigns, past campaign debt or political parties. Intel discloses IPAC contributions made and received in reports filed with the U.S. Federal Election Commission. For filings by the Intel Political Action Committee, [click here](#). The sum of political contributions disbursed from IPAC in 2005 was \$176,445. For an itemized list of disbursements for the first half of 2005, [click here](#). For an itemized list of disbursements for the second half of 2005, [click here](#).

Intel Corporate Contributions. Intel does not contribute corporate funds to federal candidates or political parties. In the U.S., Intel contributes to local candidates and issues, as permitted by law, and to political action committees of organizations with which we share interests. It is clear from our regular discussions with social-oriented investors that the concept of expanding disclosure in the areas of political contributions and external memberships that have the potential to lobby is increasingly of interest. We will continue to work to collect additional information regarding local U.S. contributions and trade group memberships for future reports.

The following table shows the various ways that we engage with our many and diverse stakeholders around the world.

Stakeholders	Tools and Processes	Benefits
Employees	Wide-ranging mechanisms including Circuit News, Letters to the Editor, Business Update Meetings, Executive Open Forums, Write To Know anonymous Q&A, Open Door process and employee support groups	Multiple processes support direct communication up and down the organization and promote an environment of diversity and inclusion.
Customers	Customer Excellence Program	Objective customer feedback drives improvement and empowers employees to have a positive impact on customers. Employees are eligible to receive an additional day of pay twice a year based on customer satisfaction.
Suppliers	Supplier communications hub Annual Supplier Days Supplier newsletter Supplier Code of Conduct	Setting consistent expectations for our suppliers supports positive interactions regarding new priorities. It has also enabled introduction of improved tracking tools for Intel suppliers. Development of our Supplier Code of Conduct has improved interactions with all of our stakeholders.
Communities	Community Advisory Panels and Perception Surveys Intel Community web site with feedback options Extensive working relationships with educators and educational institutions worldwide	Our community outreach efforts have established a framework for community relations programs worldwide. We have succeeded in aligning tools and evaluation methods with community priorities. This has enabled us to provide local communities with a broad range of resources.
Investors	Proactive meetings with social-oriented fund managers and analysts Timely interaction with investors and research firms	Feedback and benchmark data from firms drive improved performance. Detailed, firsthand investor insight on emerging issues promotes timely and effective responses.

Stakeholders	Tools and Processes	Benefits
Governments and Policy Makers	Active engagement in policy and legislative efforts worldwide Intel Government Affairs and Intel Public Affairs work together to build Intel's credibility and win the trust of policy makers	Our efforts in policy development foster credible, trustworthy relationships; strengthen regard for Intel as a valued corporate citizen; and create a supportive public policy environment.
Non-governmental Organizations (NGOs)	Issues meetings, formal dialogues and projects, and multi-sector efforts	Our interactions with NGOs promote mutual understanding on critical issues. Discussions in 2005 included supply-chain management, majority vote provisions, community technology solutions and sustainable development.

Performance Scorecard

2005 Goals	2005 Performance
Environment	
Continue progress to achieve a 10% absolute reduction in perfluorocompound (PFC) emissions from 1995 levels by 2010.	Reduced our emissions by 13%, and we remain on track for our long-term goal.
Reduce energy consumption an average of 4% per production unit per year from 2002 through 2010.	Reduced consumption 15% per production unit, resulting in an average reduction since 2002 of 7.5%.
Continue to recycle 50% of the chemical waste generated from our worldwide facilities.	Recycled 57% of our chemical waste.
Continue to recycle 70% of the solid waste generated from our worldwide facilities.	Recycled 75% of our solid waste.
Establish waste minimization goals for future manufacturing technologies to reduce chemical waste generation per unit of production over time.	Goals set for our newest technologies address copper and ammonia waste streams.
Reduce office paper consumption 50% per employee from 2004 levels by 2010.	Achieved a 17% reduction in paper consumption per employee in 2005.
Conduct at least seven U.S. and two international electronics waste collection events. Increase the number of Rethink members/solutions.	Held 16 events at which we collected 1.3 million pounds. Added 15 new Rethink members.
Continue to offset at least 30% of our total incoming fresh-water needs with reclaimed water and more efficient systems.	35% of our total fresh-water needs were met by reclaimed water and conservation measures.
Education	
Build on the worldwide success of the Intel® Teach to the Future program by expanding reach to an additional 500,000 teachers in existing countries as well as two additional countries.	The program has reached more than 3 million teachers in 35 countries. In 2005, we trained more than 750,000 teachers and expanded the program into Colombia, Saudi Arabia, the United Arab Emirates and Vietnam.
Successfully expand the new Intel® Learn program to four additional countries with the goal of reaching 75,000 learners.	Expanded the program to Brazil, Egypt, Russia and Turkey. Reached 135,000 learners in eight countries in 2005, for a program total of 193,000 learners reached.
Community	
Develop a system to track stakeholder feedback in community relations planning and/or programs, and demonstrate incorporation of feedback into planning at 50% of Intel sites worldwide.	100% of Intel sites demonstrated examples of how stakeholder feedback was incorporated into site operations or community outreach program planning. We have established an intranet-based tool for our sites to collect and track this information quarterly.
Achieve a 33% worldwide volunteer rate in the Intel Involved program.	Achieved a 34.5% volunteer rate, with more than 30,000 Intel employees donating their time to improve their communities.
Business	
Install 12 new Intel® Computer Clubhouses.	By the end of 2005, the Computer Clubhouse Network had 116 Clubhouses in 20 countries and served more than 20,000 youth daily. Of the 116 Clubhouses, 10 opened in 2005.
Develop a strategy for broader implementation of the Intel Computer Clubhouse Network.	Decided against more build-out. Developed and began implementation of a plan to strengthen the Clubhouse Network in 2006 by upgrading technology and adding new learning tools.

2005 Goals	2005 Performance
Business (continued)	
Continue to develop and strengthen partnerships between Intel and Historically Black Colleges and Universities (HBCUs) through cash and equipment donations and student scholarships.	<p>In 2005, we:</p> <p>Awarded 20 students with four-year scholarships at seven United Negro College Fund (UNCF)/HBCU schools and renewed the scholarship program for another year with \$250,000 in funding.</p> <p>Completed wireless hotspot installations and provided laptops for Tuskegee, Morehouse, Spellman and North Carolina, an investment of \$270,000.</p> <p>Made equipment donations to Howard University, Clark Atlanta University Center and North Carolina A&T totaling \$200,000.</p>
Sustain existing relationships and develop one new relationship with key national organizations that support the retention and development of women and under-represented minorities.	Engaged with the Society of Women Engineers (SWE), joining their Corporate Partnership Council, and increased Intel attendance at the SWE annual conference.
Get 35% closer to parity in hiring under-represented minorities and women.	Made progress toward parity but did not fully realize the goal across all levels of the company. Achieved full parity for female and under-represented minority employees in lower/entry-level positions but not in our mid- to senior-level positions.
Achieve a level of 12% total eligible spends with diversity suppliers.	Achieved 13% total eligible spends with diverse suppliers while averaging 93% inclusion in bidding opportunities.
Continue to lead the world in employee health and safety performance.	Our OSHA recordable injury rate for 2005 was 0.40.
Maintain contractor health and safety performance at world-class levels.	Our OSHA contractor recordable injury rate for 2005 was 0.59.

Challenges and Opportunities

We are proud of Intel's leadership in corporate responsibility. We have worked hard to achieve the results documented in this report; however, there are several areas that, despite our best efforts, we continue to struggle with in achieving results that are acceptable to us. We believe that it is important to share not only our successes but also our challenges. The following is a list of issues that present unique challenges to us under corporate responsibility:

- Reputation management in the face of allegations of anti-competitive business practices.
- Workforce representation of females, African Americans, Hispanics and Native Americans.
- Reducing chemical waste generation.
- Understanding gaps in global medical insurance coverage for HIV/AIDS.
- Implementing the Electronics Industry Code of Conduct across a complex and vast supply chain.
- Improving communications about political contributions and public policy positions.
- Training our global workforce on regionally relevant ethical expectations.
- Training our global workforce on the restrictions that export controls place on their business activities.
- Ensuring robust community stakeholder engagement models at new Intel sites.

Goal Summary — 2006 and Beyond

Environment

- Reduce greenhouse gas emissions per production unit 50% below 2002 baseline by 2010.
- In support of our climate change goal, achieve a 10% absolute reduction in perfluorocompound (PFC) emissions from 1995 levels by 2010.
- In support of our climate change goal, reduce energy consumption from our operations an average of 4% per production unit per year from 2002 through 2010.
- Register our first U.S. Green Building Council [LEED](#) (Leadership in Energy and Environmental Design) certified building by the end of 2006.
- Drive water conservation and recycling strategies to reduce water usage per production unit below 2005 levels by 2010.
- Continue to recycle more than 50% of the chemical waste generated from our worldwide facilities.
- Continue to recycle more than 70% of the solid waste generated from our worldwide facilities.
- Reduce office paper consumption 50% per employee from 2004 levels by 2010.
- Continue to offer more than 10 consumer recycling events each year and increase the number of Rethink members/solutions.

Education

- Build on the worldwide success of the Intel® Teach to the Future program by reaching an additional 900,000 teachers and adding five new countries.
- Expand the Intel Teach to the Future portfolio of offerings to support sustained professional development, including extension of the online and collaborative program to two additional countries in Europe.
- Grow the Intel® Learn program with the goal of reaching an additional 150,000 learners and adding three new countries.
- Support the Intel® Computer Clubhouse Network by providing technology infrastructure upgrades for 20 Intel Computer Clubhouses and new learning tools. Expand the Intel® Higher Education Technology Entrepreneurship program to a total of 12 countries.
- Support at least 20 universities in introducing multi-core concepts in their computer science curricula.

Community

- Increase worldwide volunteerism to 36%.
- Establish formal community programs at new Intel locations.
- Increase the quality and frequency of contact with community stakeholders through new, creative communications channels.
- Improve our community relations planning efforts by better utilizing stakeholder feedback.
- Expand formal stakeholder input to critique and improve our Corporate Responsibility reports.

Business/Workplace

- Strive for 100% inclusion of historically underutilized businesses in all bidding opportunities.
- Reduce the recordable injury rate 20% from 2005 to 2006, in our ongoing vision to achieve an incident- and injury-free workplace.
- Continue our shift toward leading indicators; in particular, reduce the amount of time for employees to report ergonomic concerns to less than seven days.
- Implement a comprehensive, employee-focused health and wellness program.
- Update all applicable Intel specs to ensure that they comply with Electronics Industry Code of Conduct (EICC) requirements.
- Complete training of all Intel internal stakeholders in EICC requirements by the end of 2006.
- Complete initial surveys and validation audits of key Intel suppliers from a sample of each of our major business units, according to EICC requirements.
- Invest in two additional national partnerships that support the achievement and representation of women and under-represented minorities in science, technology, engineering and mathematics.
- Drive key improvements in the hiring and retention of under-represented minorities and women to reach full parity in workforce representation.

Awards and Other Recognition



In 2005, Intel won a number of national and community awards and received recognition worldwide.

Environment, Health and Safety

U.S. Environmental Protection Agency. Intel was ranked number 1 on the list of "Best Workplaces for Commuters from the Fortune 500 Companies" for the second year in a row.

President's Award for Corporate Social Responsibility. Intel Ireland won two citations highlighting our environmental and safety leadership.

Chambers of Commerce of Ireland. Intel won the Corporate Social Responsibility Workplace Award for construction safety.

Sustainable Energy Ireland. Intel Ireland was the overall winner in the Coordinated Energy Management Programme category of the 2005 Sustainable Energy Awards.

Jerusalem Municipality and the Industry Association. Fab 8 took first place in the Clean Industry Award competition.

Prime Minister's Hibiscus Award. Intel received Malaysia's highest recognition for our commitment to environmental protection and excellence.

Distinguished National Occupational Safety and Health Award. Intel Malaysia won this award in the Major Industry–Electronics category. This is the country's highest recognition for excellence in workplace safety and health.

State of California. Intel's Folsom and Santa Clara sites again won the prestigious Waste Reduction Award.

Colorado Department of Public Health and Environment. Fab 23 was recognized as a Bronze Achiever in the Colorado Environmental Leadership Program.

SOLV Corporate Citizenship Award. Intel received the award at the Stop Oregon Litter and Vandalism (SOLV) annual dinner attended by 400 community leaders.

Education

American Business Media. The Intel Science Talent Search was nominated by *PC Magazine* and won the William D. Littleford Award for Corporate Community Service recognizing companies, organizations or individuals involved in active community service programs aimed at alleviating critical social problems.

U.S. State Department. Intel won the Award for Corporate Excellence for leadership in corporate social responsibility community and education programs in Costa Rica.

Irish Times. Intel Ireland won the Living Dublin Award in the education category for the Intel® Computer Clubhouse Network.

Leading the Industry

"Intel's use of performance indicators and the establishment of annual targets demonstrate its commitment to transparency, accountability and continual improvement."

Innovest Profile

"Intel has successfully integrated its sustainability strategy into corporate thinking and continues to lead its industry in terms of sustainability."

Dow Jones Sustainability Index

"*Business Ethics* salutes Intel for leading the way in ethics and corporate social responsibility excellence."

Marjorie Kelly

Editor, *Business Ethics*

"Over the last 10 years, Intel has demonstrated a firm commitment to continuous improvement in corporate responsibility reporting and management. Intel has set a standard that other companies have felt compelled to emulate."

Paul Hilton

Social Marketing Director,
Calvert Group, and *Business Ethics* awards judge

Top IT award Runet–2005. Intel Russia won this award in the Technology and Innovation category for our contribution to the development of science, education and the information and communication technologies industry in the region.

Community

American Red Cross. Intel received the agency's highest honor, the Circle of Humanitarians Award, which recognizes companies and individuals whose contributions provide lifesaving support through American Red Cross programs.

China Association of Social Workers. Intel Products (Shanghai) Ltd. was selected as the 2005 Outstanding Corporate Citizen.

21st Century Business Review and 21st Century Business Herald. Intel was recognized for its outstanding corporate citizenship during a December ceremony in Beijing, China.

Chamber of Commerce. Intel won the 2005 Corporate Social Responsibility award in Costa Rica for outstanding programs in education, environment and social responsibility, as well as our successes during 2005 in implementing programs to help Costa Rican communities.

San Francisco Business Times. Intel ranked number 2 in the list of "Top Corporate Philanthropists in the Greater Bay Area." We have ranked in the top five every year since the publication started its survey in 2002.

Silicon Valley/San Jose Business Journal. For the second year in a row, Intel was recognized as the most generous Silicon Valley company for giving back to the community.

Governor's Gold Award. Intel was recognized as Oregon's outstanding corporate citizen of 2005 for our corporate social responsibility and community and economic impact.

Business/Workplace

Dow Jones Sustainability Index. Intel was included in the index for the seventh consecutive year (since inception), and was named [Supersector Leader for Technology](#) (including software, computer services, Internet, communications, semiconductors, hardware and office equipment companies) for the fifth consecutive year.

Business Ethics. Intel was ranked number 5 on the magazine's list of "100 Best Corporate Citizens." For our leadership in corporate responsibility, Intel received the magazine's first-ever corporate social responsibility management award.

Innovest. Intel received AAA ratings for EcoValue and Intangible Value Asset based on performance on environmental, social and strategic governance issues, with a particular focus for their impact on competitiveness, profitability and share-price performance.

Corporate Knights and Innovest. Intel once again made the list of the "Top 100 Most Sustainable Corporations in the World." The awards were presented at the World Economic Forum in Davos, Switzerland.

Wall Street Journal/Reputation Institute. In a national poll by Harris Interactive, Intel was number 10 on the "Best Corporate Reputations" list.

Financial Times. Intel was ranked number 8 in innovation and was included in the "World's Most Respected Companies" list.

Barron's. Intel was ranked number 8 on the "Corporate Most Respected List" (evaluated by Wall Street and investors).

Fortune. Intel was again honored as a "Blue Ribbon Company." The Blue Ribbon list honors corporations that have achieved recognition on many of Fortune's other lists. Intel was included on five of those lists in 2005.

CoreRatings. Intel received an "A" rating for Corporate Responsibility and Governance Performance.

Covalence Ethical Ranking 2005. Intel was ranked number 1 in "Best Ethical Progress" and number 2 in "Best Ethical Score." The ranking system is a global reputation index based on 45 business criteria, including workplace standards, environmental management, product ecology and human rights.

International Charter. Intel received IC9900 Corporate Certification in recognition of the company's operational excellence, integrity, transparency and corporate social responsibility.

BusinessWeek/Interbrand. The Intel® brand was ranked number 5 in value (for the fourth year in a row) in the "100 Top Brands" list.

Black Engineer. Intel was ranked number 9 on the magazine's list of "Most Admired Companies for Engineers."

Human Rights Campaign's Corporate Equality Index. Intel scored 100%, marking our fourth consecutive perfect score. This index evaluates how companies treat gay, lesbian, bisexual, and transgender employees, consumers, and investors on issues ranging from domestic partner benefits and nondiscrimination policies to corporate giving.

Working Mother. Intel once again earned a spot on the magazine's "100 Best Companies" list.

American Society for Training and Development. Intel appeared on the "BEST" list of 29 winning companies from around the world. In BEST organizations, leaders support a learning culture, build talent across the enterprise, and demonstrate the results of their learning and development efforts.

Hewitt Associates. Intel was included on the list of "The Best Employers in China 2005." Ours was the only company to hold on to its top-10 ranking since the 2003 survey.

MAALA Index for Corporate Social Responsibility. Intel Israel topped the list.

Business Data Israel. Intel Israel placed in the top five of great places to work in the country.

Philippine Economic Zone Authority Hall of Fame. Intel Technology Philippines received this distinguished honor for winning the PEZA Outstanding Employer award three times.

Bay Area Region of the United Negro College Fund. Intel Santa Clara was selected Company of the Year.

Oregon Business Journal. Intel received three awards at the first annual Most Admired Companies luncheon: number 1 among the most admired technology companies, number 1 in the online poll of most admired technology companies, and number 3 in the most admired companies in all business categories.

Massachusetts Alliance for Economic Development. Intel received the Massachusetts Economic Impact Award for its positive impact on the economy of Massachusetts through direct job creation, financial investment and community involvement.

Supply-Chain Responsibility Commitment and Scope

Intel's commitment to corporate responsibility does not stop with our employees. Our suppliers must also operate in a manner consistent with our Corporate Business Principles. They are expected to operate healthy, safe and lawful work environments that are environmentally progressive and free from discrimination.

We are committed to the protection of human rights and the environment throughout our supply chain. Intel expects suppliers to understand and fully comply with all applicable international, national, state and local laws and regulations, including environmental, health and safety (EHS) and related laws and regulations. In addition, suppliers must agree to abide by all Intel rules, including all applicable EHS policies, procedures and guidelines.

Intel expects suppliers to maintain progressive employment practices and to comply with all applicable laws including, at a minimum, those covering nondiscrimination in the terms and conditions of employment, child labor, minimum wages, employee benefits and work hours. In the event that local standards do not exist, we expect suppliers to establish progressive employment practices and apply U.S. standards where appropriate. Formal expectations for suppliers have been in place since 1998.

Electronics Industry Code of Conduct



As global standards for supply-chain performance continue to strengthen, they affect Intel and our suppliers. A major effort on continuous improvement in our industry came about with the adoption of the Electronics Industry Code of Conduct (EICC). The code was adopted by Intel in 2004 and is available on our comprehensive supplier web site under [Intel Supplier Ethics Expectations](#).

This code was created by a supply-chain working group established in 2004 by HP, Dell, IBM and others to develop integrated, harmonized leadership expectations for supplier conduct. The EICC outlines a consistent approach for supplier performance in many areas, including labor and employment practices, health and safety, ethics, and protection of the environment.

In 2005, the working group focused on developing common mechanisms for enabling compliance with the EICC and building capacity in the supply chain. In 2006, we will continue working with other electronics companies to develop surveys, assessments and reporting tools to enhance supplier capabilities and maintain open channels with other stakeholders. For the latest information, visit the [EICC](#) web site.

Intel has established a rigorous screening process for its suppliers. We strive to create long-term relationships with capable suppliers and work closely with them over time to achieve high levels of quality and

Supply-Chain Editorial

"We believe the adoption of high standards will improve working conditions for everyone in the technology industry's supply chain. Transparency will continue to be a driving theme for us as we work together on implementation tools based on the EICC standard, and dialogue with stakeholders."



Brad Bennett

Intel representative and EICC
Implementation Group chairman

productivity. This process involves communicating intentions and expectations clearly, defining measures of success, obtaining regular feedback and implementing corrective action plans to improve performance.

Intel's own practices and those expected of our suppliers embody the principles laid out in external human rights and labor performance standards, including the ILO International Labor Standards, UN Global Compact, OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights.

The EICC web site includes a video of Intel Vice President and Director of Materials Gidu Schroff and Director of Corporate Purchasing Roger Whitter discussing our supplier expectations. [Watch the video.](#)

Key Human Rights Issues Covered by Intel Supply-Chain Policies

Child and Forced Labor. Intel's definition of a reasonable age for labor working in manufacturing is 16 years. However, where it is legal to employ children under the age of 16, Intel does not want the children to be fired. Instead, Intel requests a commitment from the supplier to not hire additional children under 16 years of age and to move employees under 16 years of age to jobs in non-manufacturing areas. Intel prohibits the use of forced, bonded or indentured labor by its suppliers. Without exception, we forbid harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment.

Freedom of Association and Collective Bargaining. Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Accordingly, Intel expects suppliers to respect the rights of workers to associate freely, join labor unions, seek representation or join workers' councils in accordance with local laws.

Nondiscrimination. Intel expects that its suppliers will not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status. In addition, workers or potential workers should not be subjected to medical/pregnancy tests that could be used in a discriminatory way.

Working Hours and Minimum Wages. Work weeks are not to exceed the maximum set by local law, and should not exceed 60 hours per week, including overtime, except in emergency or unusual situations. Workers should be allowed at least one day off per seven-day week. Intel expects compensation paid by suppliers to comply with applicable wage laws, including those related to minimum wages, overtime hours and legally mandated benefits.

Environmental Standards. Suppliers must sign Environmental Product Content Specification forms to confirm that materials and products supplied to Intel do not contain materials banned for use in Intel products, such as ozone-depleting substances and certain glycol ethers. For other restricted materials, suppliers must confirm that such materials do not exceed specified levels. Information regarding the rationale for each restriction is included in the form available on Intel's [Supplier Site](#).

Worker Health and Safety. Intel's commitment to world-class safety practices extends to its suppliers. We require compliance with all applicable laws concerning health and safety, and expect suppliers to strive to provide a workplace free of occupational injuries and illnesses.

Supply-Chain Responsibility Assessment and Training

Intel takes a proactive approach to addressing issues that arise in the supply chain. In countries where there are concerns about environmental, health and safety (EHS) standards, we closely examine the EHS policies and practices of our suppliers. The expanded commitment and scope of our supply-chain expectations dictate an increased level of communication, review and oversight. We look to select the best suppliers in the world and then work with them to continuously improve their performance.

Supplier Assessments and Audits



We perform site audits. We conducted more than 150 site visits in 2005, for a total of more than 900 since 2000. When specific concerns arise from a site visit/audit, we work with our suppliers to help them understand our expectations and develop appropriate solutions. Examples of the types of violations found during site visits in 2005 by Intel's EHS teams include:

- **Safety.** A number of companies were found to have inadequate safety awareness and training. For example, at one company that an Intel EHS team visited, a subcontractor was performing work on a high ladder without a safety belt. At another supplier site, there was no evacuation plan in place on the factory floor.
- **Environment.** The EHS teams found instances of improperly stored chemicals, limited emergency procedures and evacuation drills, and insufficient industrial hygiene practices.
- **Labor/HR Issues.** Documents to enforce age requirements were not robust, overtime limits were not always enforced, and there was potential discrimination against pregnant workers.

In 2005, Intel worked to incorporate new Electronics Industry Code of Conduct (EICC) standards into our evaluation process and to develop tools that would further improve site assessments and audits. In 2006, we expect to update applicable Intel specs to ensure that they comply with EICC requirements, complete training of internal stakeholders in EICC requirements, and complete initial surveys and validation audits of key Intel suppliers from a sample of each of our major business units, according to EICC requirements.

Supplier Tools and Information

On our comprehensive [Supplier Site](#), suppliers and contractors can obtain detailed information about our ethics and EHS policies for suppliers, supplier diversity initiatives, quality and recognition programs, and key contacts. The secure area of the site features numerous web-based tools to promote effective communications and ensure that proper data collection and procedures are followed.

The EHS section of the site includes online safety training tools and manuals as well as information about recent safety awards given to suppliers. This section of the web site also clearly lays out environmental requirements, such as chemical restrictions screening tools. To access the tools, visit the web site.

Supplier Education and Recognition

To see that our suppliers are well informed and compliant with our Corporate Business Principles, we offer a number of programs to inform and acknowledge their efforts.

Annual Supplier Days. In support of our goal to enhance supplier communication and performance standards, Intel has held an Annual Supplier Day each year since 1993. On Intel Supplier Days, hundreds of individuals come together to discuss Intel's supplier expectations and specific objectives for the coming year. In 2005, we translated our entire EICC briefing class and expectations into Mandarin for presentation at Intel Supplier Days in China.

Supplier Awards. To reinforce our goals and expectations for suppliers, Intel gives annual awards to suppliers in recognition of outstanding performance. Awards include Certified Supplier Award, Preferred Quality Supplier Award and Supplier Continuous Quality Improvement Award.

Intel Supplier Business Development and Diversity. As part of our commitment to supplying world-class quality products and services, we recognize the importance of a competitive and diverse supply chain. Intel's Supplier Business Development and Diversity group works within the supply chain to promote opportunities for diversity suppliers and enhance their capabilities. We strive to include diverse suppliers in each supplier selection process and empower our purchasing managers to make informed decisions. Today, more than 90% of our bids include at least one diversity supplier. To further this effort, we also work with organizations such as the National Minority Supplier Development Council and the U.S. Hispanic Chamber of Commerce.

To help talented business owners grow capabilities and capacity in an increasingly digital and global economy, we have invested in supplier business development. In 2005, Intel invested more than \$350,000 in a supplier education pilot program that increased the capacity of diverse businesses in local communities. We plan to increase supplier education programs in the U.S. and pilot programs in emerging markets on topics such as productivity improvements in technology, marketing, finance, operations and communications.

Intel Values



Intel Values are grounded in our culture and expressed in our performance. Over the years, they have served us well. As we broaden our business focus, our values will continue to guide our actions while we build on our silicon expertise and maintain our uncompromising standards of ethics, performance and engagement.

- Customer Orientation
- Discipline
- Quality
- Risk Taking
- Great Place to Work
- Results Orientation

For a full explanation of each of our values, visit the [Intel Values](#) web site.

Employees by Region and Turnover

At Intel, we know our employees are key to our success. From ensuring a highly ethical work environment to offering competitive compensation and benefits packages and employee development programs, we have as our goal a healthy, productive and rewarding workplace where our employees can thrive.

2005 Employee Data						
Type	Category	Americas	APAC	EMEA	U.S.	Total
Contract/Intern	Exempt Full Time	31	425	225	240	921
	Exempt Part Time	25	19	1,027	41	1,112
	Total	56	444	1,252	281	2,033
	Non-Exempt Full Time	11	2,009	232	363	2,615
	Non-Exempt Part Time	0	6	80	41	127
	Total	11	2,015	312	404	2,742
	Contract/Intern Total	67	2,459	1,564	685	4,775
Regular	Exempt Full Time	1,650	14,462	9,652	38,219	63,983
	Exempt Part Time	9	8	140	184	341
	Total	1,659	14,470	9,792	38,403	64,324
	Non-Exempt Full Time	1,862	11,879	4,105	15,738	33,584
	Non-Exempt Part Time	0	2	86	59	147
	Total	1,862	11,881	4,191	15,797	33,731
	Regular Total	3,521	26,351	13,983	54,200	98,055
Grand Total		3,588	28,810	15,547	54,885	102,830[†]

APAC = Asia-Pacific

EMEA = Europe, Middle East and Africa

[†] Number of employees at year-end 2005, including interns and contractors.

Turnover by Region [†]				
Region	Year-End Headcount 2005	Turnover 2005	Turnover % 2005	Turnover % 2004
Greater Americas	3,521	177	4.8%	7.7%
Greater Asia	26,351	2,186	7.7%	6.2%
Greater Europe	13,983	810	5.5%	5.8%
United States	54,165	2,333	4.1%	4.0%
Total	98,020	5,506	5.3%	4.9%

[†] Regular employees only; does not include terminations due to divestiture, retirement, redeployment or Voluntary Separation Program.

2005 Other Turnover[†]

Reason for Termination	Count
Voluntary Separation Program	0
Redeployment ^{††}	229
Divestiture	0
Retired	179

[†] Regular employees only, including those whose jobs were eliminated (who received no comparable offer or who rejected an internal job offer), as well as those whose jobs were eliminated and who left voluntarily or involuntarily.

^{††} Some 236 employees were affected by redeployment during 2005, and 58% (~136) of them found other jobs in the company.

Compensation and Benefits



Rewarding employees for their personal performance, sharing Intel's success with employees and encouraging employees to help drive company growth have always been the cornerstones of Intel's compensation philosophy. In 2005, Intel announced improvements in both employee compensation and healthcare benefits.

Beginning in 2006, compensation to employees will be an above-market, cash-based, pay-for-performance incentive program, and use restricted stock units (RSUs) as a supplement to Intel's ongoing stock option program. This addition of RSUs allows the company to maintain eligibility for stock awards for all employees (known as "broad-based participation") while maintaining our commitment to stockholders on limiting company dilution. These compensation design changes reinforce Intel's commitment to attract, hire, motivate and maintain the best workforce.

Intel has long been a leader in offering consumer-driven healthcare plans to its employees. These plans place purchasing power and healthcare decision-making in the hands of employees. The plans have shown early signs of helping to control healthcare costs, and those savings are passed on to enrolled employees.

We frequently review our health plan supplier pricing and design offerings. For 2006, we introduced supplier changes that will enable better and more transparent pharmacy pricing as well as increased flexibility and in-network access to benefits. For 2007 and beyond, we have a long-term strategy that focuses on employee engagement in health and wellness, disease management, and optimizing our plan design and suppliers.

Intel is also involved in several collaborative efforts with other large employers and healthcare companies to drive key initiatives designed to improve healthcare quality and access for our employees, including e-visits and physician and hospital quality initiatives.

Our newly formed Digital Health Group works with healthcare providers, purchasers, technology vendors and government decision makers to develop policies that will help accelerate the adoption of healthcare information technology.

For more information on working at Intel, visit the [Jobs at Intel](#) web site.

Intel Compensation and Benefits At a Glance

In 2005, the value of Intel's Employee Cash Bonus Program (ECBP) equaled 17.8 days of pay, or 6.8% of increased compensation for all employees. ECBP was up slightly from 2004, primarily as a result of our improved pre-tax profit margin.

In 2005, employees did not receive the extra days of pay from performance on our Customer Excellence Program. The percentage of customers "delighted" remained a few points below the 75% required for the bonus payout.

During this same period, the corporate-wide average Employee Bonus (EB) plan multiplier was 3.76, up approximately 31% compared to 2004.

In 2005, our incentive payouts totaled \$1.1 billion for both EB and ECBP, up 37% from 2004. The following table shows ECBP payouts for the last five years.

Year	Days	Percentage
2001	10.8	4.2%
2002	11.8	4.5%
2003	18.4	7.1%
2004	16.9	6.5%
2005	17.8	6.8%

In 2005, our five most highly compensated executives received 1.4% of all stock options granted.

As of February 24, 2006, Intel's executive officers, directors and director emeritus as a group owned 3.5% of Intel's outstanding common stock.

More than 71% of our employees participate in Intel's Stock Purchase Plan.

Intel's contribution to the Sheltered Employee Retirement Program (SERP) and 401(k) was once again 8% of annual base pay for each employee.

Total spending on retiree benefits in 2005 was \$5.3 million.

Total spending on healthcare benefits in 2005 was \$436 million.

Medical coverage amounts to approximately \$655 a month, or \$7,862 annually, in an average employee's total compensation package. Results may vary depending on the type of coverage selected and the frequency of doctor visits.

At Intel, all employees participate in the Employee Bonus and the Employee Cash Bonus, which include both financial and operational performance metrics. Because higher level employees have a larger scope and ability to impact the company's performance, this bonus constitutes a more significant percentage of their total cash than for lower graded employees. In this way, we ensure that the risk/reward for these bonus programs is appropriate for the individual's grade level.

2005 Pay for Performance by Grade		
Grade [†]	Employee Bonus (EB) Target as % of Base Salary	EB Actual as % of Total Cash
Non-Exempt-Grade 6	1.011%	3.4%
7	2.0%-04.5%	6.6%-13.6%
8	4.0%-06.5%	12.3%-18.6%
9	6.0%-11.5%	17.4%-28.7%
10	11.0%-16.5%	27.8%-36.5%
11	16.0%-22.0%	35.8%-43.3%
12	25.0%-35.5%	46.4%-55.0%
13	35.0%-52.0%	54.7%-63.9%

[†] Covers employees from entry-level non-exempt to vice president.

Workforce Diversity

Since our inception in 1968, Intel has been committed to workforce diversity. Our vision is to become the high-technology industry leader in diversity, and we have already achieved leadership in some areas. We are recognized as a workplace of choice for Asian Americans. We also have a strong employee networking and support structure, including 21 affinity groups with more than 110 chapters across the United States. Finally, Intel's multicultural and global training programs have been recognized as leading efforts in our industry.

However, we are not currently in a diversity leadership position in the workforce representation of females, African Americans, Hispanics and Native Americans. One of our most important workforce goals is to achieve parity (full workforce representation against market availability) of these populations. We made progress toward parity but did not achieve all of our goals. We achieved full parity for female and under-represented minority employees in lower and entry-level jobs but not in our mid- to senior-level positions. Intel is not alone in this; many in our industry continue to be challenged with minority workforce availability. We have increased our commitment in this arena and are pursuing our goals with an even greater sense of urgency.

Robust Recruiting Efforts

Through our robust diversity staffing efforts such as the Intel Live on Stage recruiting events and our Employee Referral Program, we are building a highly qualified and diverse applicant pool. We have also developed a multifaceted development and retention strategy. To create sustained leadership, a network of diversity teams throughout the company delivers programs such as mentoring, leadership forums focused on women and under-represented minorities, manager training and flexibility programs.

To use Intel's interactive U.S. Employment Demographics (EEO-1) tool, or to view/download Intel's U.S. employment demographic data for 2005, visit our [Diversity Practices](#) web site.

2005 Senior Management & Corporate Governance Bodies					
		Board of Directors		Corporate Officers	
				Top 50 in Total Compensation	
Male	African American	0		0	
	Asian/Pacific Islander	0		8	25%
	Caucasian	9	82%	21	66%
	Hispanic	0		0	
	Native American/Alaskan	0		0	
Female	African American	0		0	
	Asian/Pacific Islander	0		1	2%
	Caucasian	2	18%	3	9%
	Hispanic	0		0	
	Native American/Alaskan	0		0	
Total		11		32	
				50	

2005 U.S. Workforce							
	African American	Asian/Pacific Islander	Caucasian	Hispanic	Native American	Unknown	Total
Female	468	3,330	8,090	1,301	132	50	13,371
Female %	3.5%	24.9%	60.5%	9.7%	1.0%	0.4%	100%
Male	1,381	9,242	26,232	3,346	267	122	40,590
Male %	3.4%	22.8%	64.6%	8.2%	0.7%	0.3%	100%
Grand Total	1,849	12,572	34,322	4,647	399	172	53,961

2005 U.S. Officials & Managers							
	African American	Asian/Pacific Islander	Caucasian	Hispanic	Native American	Unknown	Total
Female	30	226	1,227	88	4	3	1,578
Female %	1.9%	14.3%	77.8%	5.6%	0.3%	0.2%	100%
Male	120	924	4,556	307	14	19	5,940
Male %	2.0%	15.6%	76.7%	5.2%	0.2%	0.3%	100%
Grand Total	150	1,150	5,783	395	18	22	7,518

2005 U.S. Data			
Year	Total Number of Employees Hired	Minorities as Percentage of U.S. Hires [†]	Females as Percentage of U.S. Hires
2003	854	39%	22%
2004	2,852	38% (1,072 of 2,852 hires)	30% (843 of 2,852 hires)
2005	7,551	40% (3,040 of 7,551 hires)	30% (2,248 of 7,551 hires)

[†] "Minorities" includes Asian/Pacific Islanders.

2005 Worldwide Workforce by Gender			
	Female	Male	Total
U.S. Workforce	13,371	40,590	53,961
	24.8%	75.2%	
Non-U.S. Workforce	15,763	28,281	44,044
	35.8%	64.2%	
Worldwide Total	29,134	68,871	98,005
Average % Worldwide	29.7%	70.3%	

The slight discrepancy in totals with the 2005 Employee Data table is due to the use of different methods of accounting in the U.S. and other countries. In addition, the gender of 50 non-U.S. employees was not reported.

Employee Development

Providing our employees with ongoing development opportunities is a critical factor to our success. Our new platform alignment required the most significant reorganization in Intel's history. Approximately half of all Intel employees were in a new position or reporting to a new manager by year-end 2005. To support these changes, Intel's Human Resources (HR) organization focused its efforts on the "platformization" of the company, communicating with our employees during brand transition, and delivering further retention and development programs.

Becoming a Platform Company

Providing necessary support for our employees was of primary importance during Intel's platform transformation. As a first step, we defined new leadership roles and identified the right people to lead the new platform groups. With leadership in place, we reorganized and recruited people to provide the skills needed to make the new businesses successful. The reorganization offered exciting opportunities for current employees to stretch themselves and apply their talents in new ways. While making sure that the right talent was in place, we also needed to provide employees with "keep the business running" support throughout our restructuring process.

Timely, consistent communications helped facilitate a successful reorganization. Our goal was to inform, engage and inspire employees to adopt the new business strategy with pride and passion. We continued our tradition of world-class internal communications through a variety of corporate channels, including the intranet, newsletters, open forums, Business Update Meetings delivered by senior leaders, and quarterly earnings release webcasts by Intel President and Chief Executive Officer Paul Otellini. Intel's internal news offerings received more than 13 million hits in 2005.

As part of the change process, HR worked closely with Intel's senior leaders to develop and deliver platform-focused training. The curriculum provided employees in the newly created groups with an understanding of Intel's mission and strategies for success, the market segments in which we do business and the ways people use the technology that we create. In total, we trained 50,476 employees on our platform transformation, with more than 80% of the attendees stating that they had a clear understanding of Intel platforms after completing the full training.

In 2006, we plan to continue our proactive training for new employees and broaden deployment of the program beyond the five platform organizations to other business groups at Intel. We will continue to seek out diverse employees who can help make our platform groups successful. We will continue to expand HR employees' skills and competencies, specifically in change and transition management. And as global expansion continues, we will work to build a strong leadership pipeline in local geographies to ensure our future success.

Updating Our Brand

Another part of the reorganization was garnering employee support for the launch of our updated brand in January 2006. As part of this change, Intel educated all employees on the new brand identity before the external launch. We hoped to motivate and inspire employees to become brand ambassadors and to

establish a strong connection between the enhanced brand and their daily activities. These communications included employee open forums, Q&A documents and newsletter articles. Also, in December 2005, all employees were invited to attend an executive webcast where Chief Marketing Officer and Senior Vice President of Sales and Marketing Eric B. Kim previewed the new brand. More than 30,000 employees viewed that presentation.

Taking Care of Our People

In 2005, we made great strides in three core initiatives: management/leadership development, new employee orientation, and employee development and retention.

Management/Leadership Development

Over the last several years, we have focused on improving our managers' abilities to motivate, develop and retain employees. Our Managing for Excellence program creates a culture of management excellence by teaching Intel managers and leaders to set clear expectations for their employees and drive business results. We created a global Manager Feedback Tool that uses a series of questions to gauge the results of employee/manager interactions. More than 78% of our employees used this tool during 2005 to give their managers direct feedback for improving their management skills.

We also offered intense, multi-week development programs, designed for our first-line managers, middle managers and senior leaders, to provide them with the tools needed to succeed within our new platform strategy. In 2005, roughly 2,500 managers attended these in-depth training sessions in China, India, Ireland, Israel, Malaysia and the U.S.

By tailoring our development and training programs to specific populations such as middle managers, we can address the challenges and issues relevant to those groups. One example is our use of UCLA's [African American Leadership Institute \(AALI\)](#), a nationally recognized program that prepares leaders for new and expanded responsibilities at Intel. We have sent employees to AALI each year since 2002. In 2005, we put plans in place to bring the program in-house and hold our first African American Leadership Conference. This three-day training and networking event will provide a valuable leadership development experience, bringing together more than 100 of Intel's most promising African American employees.

New Employee Orientation

In 2005, we redesigned our employee integration program in response to employee feedback. Employees perceived that our rapid growth in emerging markets was diluting our strong and vibrant culture, and affecting the quality and frequency of manager-employee interactions. The new program goes beyond simple training. It gets managers more actively involved in integrating new employees by putting in place task lists for completion within the first six months of hire.

The program includes required and highly recommended courses for all new employees, with registration links and suggested sequence and timing for the training. New employees and their managers receive automatic reminders for the first nine months of employment, to make sure that their integration into the workplace is proceeding on schedule. And in order to continuously improve the new employee orientation process, each employee receives an assessment tool to provide feedback and measure the overall impact of the integration program.

Employee Development and Retention

Since our early days, Intel has remained committed to helping every employee realize his or her potential. This commitment has proven to be key to our productivity and ability to retain talented people, as well as being an important aspect of our culture. We support our employees in a variety of ways, including job

rotations, "stretch" assignments and training. As part of this process, Intel's training programs continued to grow in 2005. We delivered 2,358 course offerings and trained 765,808 employees in 47 countries.

2005 Intel University

In 2005, Intel invested \$377 million in employee training and development. Based on a 2005 high-end headcount of 99,936, Intel invested almost \$3,775 per employee in development programs.

Unique courses offered	2,358 in 47 countries	Tuition reimbursement worldwide	\$30.5 million
Sessions delivered	49,517	Percentage of training delivered via e-Learning [†] (based on number of students who attended)	69.4%
Total number of training attendees	765,808	Average number of training hours per employee	37.2 ^{††}
Number of employee volunteer instructors	23,809	Cost per student for training session delivery	\$12.06
		Total cost of training in 2005	\$377 million

[†] e-Learning is defined as any non-classroom training, such as online and computer-delivered training.

^{††} Training delivered to non-Intel employees is excluded from this calculation.

In line with our new platform business strategy and global growth plan, we continued our focus on intercultural training. These efforts help employees acquire new language and communication skills, understand different cultures, and learn how to do business effectively in a variety of countries, including China, India, Russia and the U.S. During 2005, our intercultural training program included more than 50 different courses, attended by 7,611 employees. We also offer online tools and resources for real-time learning.

Recognition and Awards

In 2005, we continued our tradition of recognizing outstanding team and individual accomplishments with two corporate-level awards: the Intel Quality Award and the Intel Achievement Award. Both awards encourage employees to aggressively pursue continuous improvement, attain high levels of excellence and increase the company's overall competitiveness.

Introduced in 1991, the **Intel Quality Award** measures and recognizes organizational performance to Intel Values. The Intel Quality Award challenges Intel organizations to aggressively pursue continuous improvement and attain high levels of excellence. In 2005, three organizations within Intel were recognized as Intel Quality Award recipients: Advanced Components Division, Information Services and Technology Group Flex Services, and Systems Manufacturing.

The **Intel Achievement Award** is the company's highest honor for personal or team accomplishments. It recognizes employees for specific outstanding accomplishments that have significantly improved corporate operations. In 2005, a total of 292 employees serving on 33 project teams were recognized as Intel Achievement Award winners.

Intel also offers a variety of other recognition programs that reward length of service as well as accomplishments and behaviors that support Intel Values. The **Division Recognition Award** is currently the most prestigious honor a division can award an employee or a team that demonstrates a strong commitment to Intel Values. The **Spontaneous Recognition Award** acknowledges "above and beyond" performance by an employee in support of Intel Values. And the **Intel Service Award** celebrates every five-year career milestone with public recognition and company keepsakes.

In 2006, we will continue to improve our overall employee reward and recognition programs.

Health and Safety

Health and safety continue to be key focus areas for Intel. We have a dedicated team addressing these issues worldwide. The following efforts help us create a safe and healthful work environment.

Employee Health and Wellness

Intel's worldwide health and well-being teams provide a portfolio of health and productivity services for all of our employees and contract workers. We provide immediate care for injuries and illnesses, but also focus on sustaining and improving good health with wellness programs such as our annual Health Risk Assessment, flu vaccine information and/or clinics, and our Fitness Challenge. We also offer ongoing programs including work/life effectiveness virtual classes, fitness centers, nursing mothers' rooms and massage therapy.

We make sure that our employees have opportunities to understand their personal health behaviors by providing tools and resources to address at-risk areas. At the core of our Health Promotion Model is the Health Risk Assessment (HRA). The HRA helps employees identify their current risk factors and build a personal roadmap, with tools and resources, to establish and support healthy habits. In 2005, 6,544 employees and dependents completed the HRA. Their participation has also helped us develop more effective health promotion, illness and injury prevention, and disease management programs. These programs can enhance healthy behavior, assist in reducing risks and help lower healthcare costs.

Safety

Our efforts in safety include both internal programs and public outreach. During construction of a new facility in Ireland, we experienced no major injuries or fatalities in more than 12 million hours worked. This was the safest construction project in Intel's history and garnered a President's Award for Corporate Responsibility from the Chambers of Commerce of Ireland.

Our Hudson manufacturing center in Massachusetts maintains a close relationship with the Hudson Fire Department to promote employee safety. The fire chief sits on our Community Advisory Panel; we give local firefighters annual tours of the center so they can be familiar with the site; we conduct practice fire drills that test alarms and sprinkler systems, and include inspections of major equipment; and we have a direct phone "ring down line" between our facility and the fire department to facilitate instantaneous exchange of information.

In spring 2005, the Hudson Site Safety Committee brought our message of safety to the local community. We presented three workshops at a Senior Citizens Conference on home safety.

Review [Intel's health and safety performance indicators](#).

Semiconductor Worker Health Study

In 2005, we continued our work with the Semiconductor Industry Association (SIA) on the study of the potential health effects of working in wafer fabrication factories. The organization selected Vanderbilt University to conduct this retrospective epidemiological study in August 2005. The multimillion-dollar study will review the records of approximately 85,000 people who worked in wafer fabrication facili-

Addressing Potential Health Risks of Manufacturing

"Our occupational health and industrial hygiene data suggests that our fab employees are not at increased risk for cancer. However, we strongly support [the SIA] study because it is the most direct and scientifically valid way to address the question of cancer risk among semiconductor workers, and we believe that it is the right thing to do."



Dr. Michael Fischman
Intel's medical director

Hepatitis

In August 2005, an outbreak of Hepatitis A affected the city of Nizhny Novgorod, Russia, where Intel has three R&D offices and approximately 380 employees. Intel's Russia site Corporate Services team coordinated a series of precautionary measures to minimize risk to employees and their families, including hygiene precautions in the workplace across all Intel Russia sites.

We sponsored a voluntary Hepatitis A vaccination program on-site and at external medical clinics for our employees and their families. Business travelers to the site during the risk period also received updates and advice about preventive measures. By November, the outbreak was declared over, and no Intel employees or family members reported being infected.

ties of SIA member companies in the U.S. during the past 30 years, including an estimated 18,000 Intel employees. SIA member companies are funding the study, which will be one of the largest privately sponsored epidemiological studies ever conducted. The study is expected to be completed in 2009.

HIV/AIDS

In keeping with our objective to create a safe, healthy and supportive work environment for our employees, we believe that employees affected by Acquired Immune Deficiency Syndrome (AIDS) or Human Immunodeficiency Virus (HIV) do not present a health risk to other employees in the workplace under normal working conditions. We strive to ensure that any affected employees are provided the same working conditions and performance requirements as other Intel employees and may continue to work as long as they are able.

Historically, we have had an inward focus when it came to HIV/AIDS—educating our workforce and management about the complex issues surrounding the disease and helping any affected Intel employees cope with those challenges. While this has historically been easier in the U.S. due to the structure of benefits and insurance, our goal is to afford the same level of support to all of our employees around the world. Similarly, Intel's guidelines regarding nondiscrimination, harassment and reasonable accommodations are applicable to people with AIDS or HIV.

Over the last year, we have begun a more thorough review of our policy and practice around the world—not only inside our company walls, but also in the way HIV/AIDS is viewed and supported in the many geographies in which we operate. Discussions with interested stakeholders have also proven useful. An external review of company policies, practices and performance was initiated by a group of Intel stockholders, led by members of the Interfaith Center on Corporate Responsibility and Walden Asset Management.

There is much to learn from our peer multinational companies, as many of us are working to close gaps in our programs across multiple geographies. We joined a coalition of multinational employers, the Global Health Benefits Institute, which focuses on global health benefit initiatives, and have raised HIV/AIDS as an initiative for that group to collaborate on in 2006. We believe that we can make more progress collectively than any one company acting alone. In the first follow-on meeting, the Institute invited the Global Business Coalition on HIV/AIDS to meet with all the companies to discuss their assessment systems and best-practice examples in dealing with the global AIDS crisis.

In 2006, we are committed to looking at our existing benefit programs and assessing gaps and opportunities both internally and in cooperation with other multinational employers.

Educational Efforts

We have developed focused education and outreach efforts related to HIV and AIDS, with particular emphasis on areas in the world that have limited access to information on this topic. Over the past several years, we implemented a specific Asia AIDS Awareness plan at our sites in China, India, Malaysia, and the Philippines. Under the plan, we conducted a range of activities, including annual AIDS Awareness training by local occupational health nurses and/or local non-governmental organization presentations by local health experts, and other communication campaigns utilizing e-mail blasts, posters/printed collateral, quizzes and exhibits.

In December 2005, Intel launched a coordinated Asia-wide communications plan to align with World AIDS Day. The plan includes an online Health Education Package with training, education and awareness materials. Employees at Intel sites held AIDS Awareness fairs that included education and communication

competitions, publication of a weeklong e-mail feature, contributions to external community AIDS groups and distribution of more than 5,000 red ribbons to Intel employees.

Our goals for 2006 and beyond are to identify and seek solutions for potential gaps in our global HIV/AIDS medical insurance programs, promote education and awareness among our employee populations, and take a more public role in working with external groups in the local communities where we work and live around the world.

Avian Flu Preparedness

At Intel, we learned a great deal from our experience with Severe Acute Respiratory Syndrome (SARS) that has helped us develop our preparedness plan for bird flu. We are taking appropriate and prudent measures to prepare, without overreacting or taking actions contrary to public health interests. We have established a cross-functional team, conducted drills, and created a detailed plan that covers areas such as communications, travel policies and infection control. Our plan includes phased-in responses triggered by the World Health Organization pandemic phases. We also [set expectations with our suppliers](#) that they prepare for a potential Avian Flu pandemic.

We have developed a set of principles/goals to guide Avian Flu preparedness within the context of overall emergency preparedness:

- Promote a healthy work environment.
- Treat people with dignity and respect through communication and transparency.
- Minimize the spread of infection by working with local governments and public health organizations, such as the World Health Organization and the U.S. Centers for Disease Control and Prevention.
- Implement a staggered deployment strategy based on risk and need at each location/geography.
- Maintain business continuity by developing appropriate levels of coordination and contingency planning.
- Utilize resources appropriate to the risk/threat.

Nano-Electronics Leadership

We believe that in conjunction with developing new technologies, we must thoroughly evaluate their health and safety implications for our employees, our customers and end users. In 2005, in collaboration with multiple stakeholder groups, we worked to further define, characterize and manage the environmental, health and safety implications of nano-electronics in the semiconductor industry.

As a founding member of the [International Council on Nanotechnology](#), we led development of novel occupational health and safety standards within ASTM International, an open forum for the development of high-quality international standards used around the globe. In addition, as part of our affiliation with the [Semiconductor Research Corporation](#), we led a joint effort of the semiconductor and chemical industries to identify critical EHS research needs related to nanotechnology. We also helped kick off a two-year research project of the Nanoparticle Occupational, Safety and Health Consortium, a multi-stakeholder group of industry, academic and government institutions. The project will lay the groundwork for better monitoring of potential occupational exposures to nano-sized materials and how to minimize such occurrences.

Work/Life Balance



We know that achieving a balance between work and personal life is important to employee satisfaction and retention. For several years, we have focused on fostering a culture that enables employees to succeed on and off the job.

As part of this initiative, we look for ways to promote flexibility in how, when and where we work, including telecommuting and alternative work schedules. Most Intel employees have laptops with remote connectivity that enables them to stay connected and remain flexible while meeting the challenges of a global work environment. In 2005, we launched a new job exchange tool that matches employees who are looking for part-time positions or job share arrangements with prospective managers and/or job share partners.

Programs and Resources

We offer a wide range of programs and resources to help our employees manage their work and family responsibilities. In 2005, our childcare programs served more than 1,800 children and provided more than 4,500 days of free back-up care. During the year, we also opened our first exclusive near-site childcare center in Folsom, California. This state-of-the-art facility offers a unique curriculum and low child-to-teacher ratios. It also uses Intel technology to help parents play an active role in their children's education. Each classroom is equipped with a PC, a digital camera and a printer. This equipment allows teachers to capture learning moments in "real time" and share them with parents via e-mail. Families and teachers can stay connected through online updates and newsletters, helping to facilitate open and direct communication. The center's curriculum for older children also provides hands-on experience in working with computers.

In Israel, Intel-sponsored camps helped meet the childcare needs of our employees and their families during the summer holidays, and our site in the U.K. introduced a new voucher program to help reduce the cost of childcare for our employees and their families.

We also continued to expand Intel's elder-care program in 2005, offering a wide range of online resources to assist employees with elder-care responsibilities. Intel Oregon sponsored several pilot programs, such as hosting an on-site Elder Caregivers Conference, offering seminars on elder-care legal issues and developing customized on-site training for employees with caregiver responsibilities.

Organization Health Survey

To make sure that we are doing the right things for our employees, Intel administers an annual Organization Health survey that we call "Org Health." Results of this online survey help us determine where to focus our attention to improve the connection between employees, their work and Intel. This assessment provides insight into current business-specific issues, historical trending on a core set of questions and comparisons to external benchmarks.

2005 Intel Workforce Facts

40%

Percentage of new hires referred by current employees

36[†]

Average age of employees worldwide

32[†]

Average age of employees outside the U.S.

39.5[†]

Average age of U.S. employees

39.6%

Percentage of worldwide employee population <5 years at Intel

55.7%

Percentage of worldwide employee population 5–20 years at Intel

26%

Percentage of employees who work a compressed schedule

14%

Percentage of employees who telecommute at least one day a week

46%

Percentage of employees who connect remotely on a regular basis

4,400

Intel employees who started or completed their sabbatical in 2005

4.7%

Percentage of worldwide employee population >20 years at Intel

[†] Does not include interns or contract employees.

In 2005, we expanded the survey and administered it in seven languages worldwide, netting 54,580 responses (a 69% response rate) and making it the most comprehensive Org Health survey ever administered at Intel. Overall, many of the scores improved year over year, with 75% of the repeated questions showing improvement from 2004.

It was clear from the results that employees feel they always look for ways to do their jobs better, assume responsibility when a problem arises and perform to the best of their abilities. Additionally, findings revealed that almost all employees feel free to express their opinions to their manager, understand the importance of a diverse workforce, and feel that their manager role-models ethics and integrity.

Results are by business group, which allows the leaders of each organization to analyze the data in a variety of specific ways and develop improvement plans that are relevant to the needs of the individual site or business group.

The survey gave us a good understanding of what we need to improve in 2006 and beyond. In the coming years, we will focus on workforce diversity, benefits, and recognition and awards.

Governance and Ethics

For many years, Intel's Corporate Business Principles, our code of ethics and conduct, has guided employees, officers and non-employee directors. The principles include guidelines designed to deter wrongdoing and promote honest and ethical conduct, as well as compliance with applicable laws and regulations. The principles also express our policies regarding environment, health and safety, diversity, nondiscrimination, supplier expectations, privacy and business continuity.

The full text of our Corporate Business Principles, as well as our Principles for Responsible Business, Corporate Governance Guidelines, Community and Workplace information, Board of Directors membership and Board committee charters, and executive compensation data are maintained on our [Corporate Responsibility](#) web site.

Corporate Governance

Corporate governance is typically defined as the system that allocates duties and authority among a company's stockholders, board of directors and management. The stockholders elect the board and vote on extraordinary matters. The board is the company's governing body, responsible for hiring, overseeing and evaluating management, particularly the chief executive officer (CEO). And management runs the company's day-to-day operations. Effective collaboration among these groups should result in a well-run, efficient company that identifies and deals with its problems in a timely manner, creates value for its stockholders, and meets its legal and ethical responsibilities.

At Intel, we take corporate governance seriously and view it as an area for continuous improvement. Nine of our 11 directors are independent from the company except for their service on the Board. They are not employees and do not have other business or consulting engagements with the company. We rely on these independent directors to bring us diverse knowledge, personal perspectives and solid business judgment.

We expect our directors to engage with us both inside and outside of Board and committee meetings. They meet with senior management on an individual basis, and attend and participate in employee forums. Unaccompanied by senior management, individual directors visit Intel sites around the world, offering them an excellent opportunity to assess local issues directly. These activities help keep the Board better informed, and make its oversight and input more valuable.

Our independent directors also regularly meet as a group, led by an elected lead independent director who conducts and reports on the meetings. The lead independent director also chairs the Board's Executive Committee and co-chairs the Corporate Governance and Nominating Committee. The Board's Audit, Compensation, Corporate Governance and Nominating, and Finance committees consist solely of independent directors, with the expectation that this independence will assist them in objectively overseeing the company's management.

In 2005, we combined our Corporate Governance and Nominating committees and charged this committee with reviewing and reporting to the Board regarding our corporate responsibility performance. The

committee reviews environmental-, workplace- and stakeholder-related corporate responsibility issues as well as the company's public reporting on these topics. The committee receives regular updates on performance as well as emerging issues in external corporate responsibility trends.

In the continuing evolution of our corporate governance practices, we took several actions that will be voted on at the 2006 annual meeting. Perhaps the most important of the Board's actions was their adoption of a "majority vote" standard for the election of directors in uncontested elections that will start in 2006. Although director candidates rarely run against opposing candidates, stockholders need a meaningful way to affect the election of directors. As a matter of director accountability, we felt it is important that stockholders be able to vote "yes" or "no" for director nominees. If the "no" votes win, the Board has the authority and responsibility to decide whether to retain or replace that director.

In addition to the "majority vote" standard, Intel's Board of Directors evaluated several other governance standards for approval and implementation in 2006. The following actions were taken by Intel's Board:

- Adopt a policy that directors are required to offer their resignation upon a job change.
- Limit directors to service on four public-company boards (three if the director is an active CEO).
- Revise the current poison pill policy to seek stockholder approval within 12 months of adopting a poison pill.
- "Declaw" preferred stock – commit to not issuing preferred stock to thwart a takeover attempt.

Overseeing Compliance

The Audit Committee of the Board of Directors chartered Intel's long-standing Compliance Oversight Committee, charging it with ensuring that adequate systems exist for reporting legal and ethical compliance information to the Board. In 2003, the committee's scope and function expanded to further improve the culture of ethics and controls across the company. To reflect this change, we now call it the Ethics and Compliance Oversight Committee (ECOC). Committee membership from business units includes Intel's Corporate Controller, Supplier Management, EHS, Purchasing, Corporate Responsibility, Human Resources, Legal, Security, Internal Audit and others.

Each quarter, the ECOC selects various organizations within Intel for review. Each organization undertakes a compliance self-assessment that covers topics ranging from responsibility and enforcement to monitoring, reporting, prevention and detection. During the review, the business groups provide the ECOC with a detailed view of that organization's compliance efforts. The committee issues comments and recommendations that it tracks to completion.

The ECOC stays abreast of legal developments such as the recent Federal Sentencing Guidelines and emerging best business practices. The committee is responsible for:

- Reviewing existing compliance information and reporting systems.
- Evaluating compliance program auditing procedures for effectiveness in identifying and correcting deficiencies.
- Identifying and recommending opportunities for ethics and compliance program improvement.
- Supporting and enhancing a culture of ethics throughout Intel.
- Reporting on program status and making recommendations to the Audit Committee of the Board on a periodic basis.
- Reporting, through oversight review, to the Board on company-wide compliance efforts.

- Recommending program changes to the Board and to the business units as appropriate.
- Investigating and assisting in compliance issues resolution.

Building Business Practice Excellence

Created in 2003, Intel's Business Practice Excellence (BPX) Program builds on our long-standing Corporate Business Principles and responds to the public's heightened expectations of global companies. In 2005, Intel's Business Practice Excellence organization stepped up its global training and communication efforts. The building and retention of an ethical culture is critical during employment growth cycles, such as the one the company experienced in 2005.

In 2005, 97% of Intel's employees received basic and refresher BPX training. We took a critical look at our training methods and comprehension in 2005 to better plan for 2006 and beyond. We learned that more than 96% of our employees know and understand what ethics means at Intel. We also learned that some employees need additional training to better understand how to manage in today's global work environment.

Our challenges for 2006 are to make the BPX training, educational and information resources, and Intel's Corporate Business Principles more accessible and relevant to our diverse employee base. We plan to do this through relevant, localized content that is translated and available to every employee worldwide. We will use our intranet site, with its extensive information repository, including articles, case studies and other pertinent information, to help employees understand how to handle the ethics challenges that they may face at work.

Litigation

In June 2005, Advanced Micro Devices, Inc. (AMD) filed a complaint in the United States District Court alleging that Intel and Intel's Japanese subsidiary engaged in various actions in violation of U.S. antitrust laws. The complaint seeks unspecified damages, punitive damages, an injunction, and attorneys' fees and costs.

Subsequently, AMD's Japanese subsidiary also filed suits in the Tokyo High Court and the Tokyo District Court against Intel's Japanese subsidiary, asserting violations of Japan's Antimonopoly Law and alleging damages of approximately \$55 million, plus various other costs and fees.

In April, Intel notified the Japan Fair Trade Commission that it would accept the Recommendation and cease and desist order. The Recommendation is a remedy for factual and legal allegations concerning Intel's business practices. However, Intel did not accept the underlying facts asserted or the application of law in the Recommendation because they misinterpret important aspects of our business practices and fail to take into account the competitive environment in which we do business.

We believe that the Recommendation's cease and desist provisions provide a workable framework that enables us to continue to provide competitive pricing to our customers that benefits consumers and the Japanese economy. To continue to serve our customers with the best products and services, and to avoid putting our customers, our employees and the company through the inconvenience of a lengthy administrative and legal process, we believe that this was the best course of action.

Additionally, at least 68 separate class actions, generally repeating AMD's allegations and asserting various consumer injuries, have been filed in the U.S. District Courts for the Northern District of California and the District of Delaware, as well as in various California and Tennessee state courts.

In September, Intel filed its initial and formal response to AMD's complaint, helping frame the issues that will be litigated in the case. In the response, Intel refuted AMD's allegations and pointed out that Intel's business practices are both fair and lawful.

The European Commission has been conducting a preliminary inquiry into Intel's business practices since 2001. Consistent with our normal practice, we have been cooperating with various requests for information. By the end of 2005, no action had been taken.

In June, the Korea Fair Trade Commission sent a letter of inquiry asking questions about Intel's sales practices. The company is cooperating with Korean authorities.

Resources

As part of our effort to be a leader in corporate responsibility, we believe in providing our stakeholders with accurate and thorough information regarding our performance on key social and environmental issues. We are proud of the work we do in support of the environment, education and our communities. Our goal is to be an open and transparent company. The [Resources](#) page of our 2005 report is intended to offer additional ways to find the information you are looking for.

Resources Content

Report Scope & Profile

What the report covers.

Report Index

An outline of our 2005 report.

Awards & Honors

Recognition for our work worldwide.

Performance Scorecard

Performance to 2005 goals.

Goal Summary

Our goals for 2006 and beyond.

EHS Performance Indicators

EHS performance in 2005.

Demographic Indicators

The make-up of Intel's global workforce.

Data Download

Spreadsheet of 2005 report data.

Other Intel Links

Related Intel web sites to visit.

Worldwide Locations

Site activities and employees.

GRI Index

Expanded GRI index.

GRI Data Table

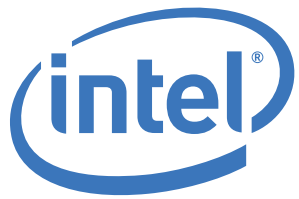
GRI indicators.

Previous Reports

Reports from other years.

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How to get in touch with us.



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